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Central Bank Attempts Measures To Balance Interrepublic Payments

924A1828A Moscow ROSSIYSKAYA GAZETA
in Russian 14 Aug 92 p 3

["Our own information" report, under the "Finance" rubric: "Accounts Without Borders"]

[Text] On the instructions of the main administration of the Central bank of Russia for Moscow, the Central Bank of the Russian Federation reported that all Russian banks are granted the right to open correspondent accounts of commercial banks of states which are former Soviet republics in rubles for the entering in them of receipts from the sale in the Russian Federation of goods (work, services) by enterprises of the named states.

The ruble funds in these corresponding accounts, within the limits of the available surplus, may be used for the realization of current payments on behalf of Russian juridical persons as well as of other states which are former republics of the USSR, which use in settlements with Russia the currency of the Russian Federation, with an entry in analogous correspondent accounts in Russian commercial banks.

From the ruble funds in the indicated accounts are authorized the purchase of goods, the payment for work and services, and also the acquiring of foreign currency on Russia's internal market.

However, until further notice from the bank of Russia, it is impermissible to use in the Russian Federation ruble funds from the indicated correspondent accounts of Russian commercial banks for direct or portfolio investment and for real estate payments or for the rights to real estate.

Russian commercial banks may credit the corresponding banks on an agreed basis, in accordance with ordinary bank practice.

But for the time being, it is impermissible to open corresponding accounts of Russian commercial banks in the banks of states which are former republics of the USSR.

These measures have been taken in order to ensure the ability to balance settlements involving the delivery of goods (work, services) among states which are former republics of the USSR.

Gradual Shift to World Prices in Interstate Trade Advocated

924A1854A Moscow EKONOMICHESKAYA GAZETA
in Russian No 31, Aug 92 p 12

[Article by S. Rozov, department head of the Price Committee of the Ministry of Economy of Russia and I. Yevseyeva, candidate of economic sciences: "Prices in Interstate Trade"]

[Text] The economic crisis in Russia and other countries of the Commonwealth produced a number of problems connected with disruption of economic ties that formed between former union republics which are now independent states. These economic ties are built upon a rigid system of specialization, cooperation and distribution of production that frequently offers no alternatives. Raw and other materials, flowing via a complicated chain of technological links, repeatedly bisect the borders of former republics. Drilling pipes, for instance, rolled in plants in Ukraine, are threaded and fitted in Azerbaijan and then delivered to Russian oil workers. While fuel from Russia satisfies the needs of Commonwealth countries (Lithuania—oil and gas—by 100 percent, Latvia—gas—by 100 percent, Belarus—oil and gas—by 100 percent, Ukraine—oil—by 86 percent and gas—by 52 percent).

Russia annually purchases over a million tonnes of cotton in the cotton-growing republics of the CIS, satisfying 95 percent of its needs. The economic ties that formed are so close that with regard to deliveries of individual products the republics are practically totally dependent on each other. A simple example. Already in 1992 the Republic of Kazakhstan is compelled to purchase 2.5 million tonnes of grain abroad which did not allow it to fulfill obligations in the delivery of grain to Uzbekistan. Uzbekistan, in turn, had to sell abroad part of the cotton earmarked for Russia and buy food with the currency that was obtained. Due to the lack of raw materials in Russia at the present time the principal textile factories have been standing idle for four months and it is necessary to obtain cotton for them from abroad. More than that, some third countries are already offering it specifically Uzbek cotton for currency or on a basis of barter.

Under conditions of such close economic dependence and need to ensure even if only the previous volumes of production particular importance is acquired by questions of price regulation of interstate ties. Russia, back in August - December 1991, concluded intergovernmental agreements with all CIS countries pertaining to principles of trade and economic cooperation which contain practically identical formularizations with regard to prices. Their essence consists of the fact that, starting in 1992, settlement of accounts for deliveries of products will be carried out by enterprises on the basis of contract prices. With regard to individual most important mutually-coordinated types of products it was decided to utilize world prices converted to rubles in accordance with a coordinated exchange rate. All the agreements (except those concluded with Moldova and Azerbaijan) also pointed out that a coordinated policy will be conducted in the area of price formation. The products list included in the intergovernmental agreements (around 170 groups) and the balancing of the volumes of most important deliveries was made proceeding from world prices whose level was coordinated among the sides.

The pricing practice in interstate trade in many ways is disadvantageous for Russia inasmuch as the most important resources are exported from it at relatively low prices by comparison with world prices, while products are imported

mainly at free prices whose level exceeds or is close to the world level. For example, with the existing correlation of domestic and world prices for oil and gas which are exported from Russia at, correspondingly, 22-26 rubles per dollar, the prices that are currently being offered for individual types of nonferrous metals for import into Russia are 300 rubles for lead and 180 rubles for zinc per dollar. At the same time it is known that even on the exchange the dollar rate has not gone above 200 rubles per dollar. The situation is also complicated by the fact that until recently the national banks of the commonwealth countries had practically unlimited credit financing of their enterprises. They settled accounts with Russia for products that they received using "credit money."

For countries with normally functioning monetary systems the situation in which exports significantly exceed imports is considered most favorable. Intrinsically the excess of exports in Russia creates a certain promise of an efficient commodity exchange. This, however, is a

question of the future and at present, under conditions of the recently declared convertibility of the ruble, it is more advantageous to import more and export less.

The favorable balance of trade in Russia increased also as the result of shortfalls in the delivery of products from Commonwealth countries which in many ways is explained by the inefficiency of the mechanism for realization of interstate agreements, including that in the sphere of price formation.

The practice of mutual deliveries in Russia in 1992 boiled down essentially to the issuance of quotas for export of production. Very little attention was devoted to questions of mutual advantages yielded by commodity exchange or regulation of its balance. There was practically no control over volumes of mutual deliveries or over the prices that were used. As a result the Russian textile workers, for example, failed to pay Uzbekistan more than five billion rubles for cotton, while consumers of Russian fuel owed their suppliers in the order of 100 billion rubles.

Correlation of Domestic and Foreign Prices on the Most Important Products in Interstate Trade

Product	Prices per tonne		Dollar exchange rate in rubles
	World prices (dollars)	Domestic prices (rubles)	
Oil	123-137	2,820	21.0-22.0
Motor gasoline	215	7,800	36.3
Diesel fuel	175	6,600	37.7
Residual fuel oil	80	3,500	43.7
Natural gas (per 1,000 cubic meters)	80	2,050	25.6
Rolled ferrous metal products	400	1,700	42.5
Steel pipes	625	28,000	53.0
Meat and meat products	1,616	110,000	68.1
Butter	1,800	180,000	100.0
Sugar	270	52,000	192.5
Vegetable oil	495	22,500	45.0
Wool	5,000	350,000	70.0

It is necessary to work up different variants for offsetting trade debt. It is possible to take care of the question concerning the compensation of Russia for losses from unbalanced trade by legalizing credit obligations or the right to acquire shares of stock for an appropriate sum, for example, in oil or gas pipelines which are used for the export of energy resources out of Russia. Russia must bear analogous responsibilities as well. The presence of the property of one state on the territory of another one is common in economic practice throughout the world.

At the given stage of economic development urgency is retained by establishment of quotas and licensing of a number of the most important types of products. Government decrees pertaining to the export of goods with quotas and licenses contain a number of contradictions. The MVES (Ministry of Foreign Economic Relations), for example, has the right to sell export quotas unused by

producing enterprises quarterly through competitive bids or by auction. But there is also the decree in accordance with which quotas are distributed in the old way, through fund affiliation of producing enterprises.

Moreover many types of products for which quotas are set do not enjoy a demand at all because of their high cost. It is necessary to sharply decrease the coordinated products list in preparing the intergovernmental agreements on trade-economic cooperation for 1993. It apparently must include basic types of raw material resources, including agricultural resources, machine building products, and most important types of food. This is also connected with the fact that 30 June 1992 was the date of introduction of the law "On delivery of products and goods for state needs," which stipulates the budgetary financing of suppliers carrying out state contracts, including the deliveries to CIS, and these funds are apparently limited.

What should the price system in the interstate commodity exchange within the framework of the Commonwealth be like?

In our opinion concrete steps must be taken toward a practical application of world prices in trade with CIS countries for the most important types of products—fuel, metal, food, and raw materials for the light industry. For an equivalency in commodity exchange and control over progress in the fulfillment of agreements for volumes of mutual deliveries of products it is feasible to introduce a mechanism for settlement of accounts on the basis of clearing operations proceeding from the level of world prices with a coordinated coefficient for conversion of dollars into rubles. Such commodity exchange must apply to a narrow selection of goods reflecting the specificity of economic ties of Russia with every state. An agreement has already been signed concerning mutual deliveries of oil and cotton fiber on the basis of clearing operations with Turkmenistan and agreements have been prepared with republics of Uzbekistan and Tadzhikistan.

**Excess of Exports From Russia to CIS Countries
(In billions of rubles on 5 January 1991)**

Tajikistan	0.4
Kyrgyzstan	0.8
Armenia	1.2
Uzbekistan	3.6
Azerbaijan	3.7
Moldova	4.2
Turkmenia	6.6
Belarus	13.9
Kazakhstan	20.9
Ukraine	50.9

The levels of world prices in many cases do not coincide with prices on domestic markets of the CIS countries and it would therefore be acceptable to regulate the difference between them through a concrete organization which could consist of an intermediary wholesale firm of the Ministry of Trade Resources [as published] of Russia or a specialized foreign economic association. The presence of such organizations would allow control over delivery of products. Of course, the need appears for endowment of such an organization with primary working capital. Agreements on price formation signed for 1992 with republics of Kyrgyzstan and Belarus and the one prepared for Ukraine envisage the use of maximum price levels in settlement of accounts for mutual delivery of the most important types of products. With respect to a certain products list settlement of accounts was also made in world prices in U.S. dollars with conversion into rubles according to coordinated exchange rates so as to ensure equality of the dollar to ruble exchange rates for imported and exported products.

If such equality, however, is not achieved as it happened, for instance, in the course of negotiations with Ukraine, it is

then necessary to utilize a line of credit—to convert indebtedness forming as a result of the difference in exchange rates into technical credit whose conditions must be determined by a special intergovernmental agreement.

Settlement of accounts for mutual deliveries of products not included in the narrow list of most important types between enterprises and organizations of Russia and other countries of the Commonwealth, which utilize a unified monetary unit—the ruble—in domestic (in cash and noncash) turnover and in interstate accounting, is best carried out essentially in free prices that form on a nondiscriminatory basis, without excise tax levies or other indirect taxation not used on the domestic market, as well as without export duties. This, by the way, is one of the obligations assumed by the governments of CIS countries on 13 March 1992 in the agreement on principles of customs policy.

On a bilateral basis it is necessary to undertake measures for the state regulation of prices for products of monopolistic enterprises and, if necessary, coordinate actions in that direction. In order to forestall a rise in prices because of an unsubstantiated inclusion of expenditures in the production cost, it is necessary to utilize coordinated principles and methods in the calculation of production costs. It is therefore feasible to have the agreements stipulate an exchange of information on standardizing documents that are used in price formation which are of mutual interest and also on the level and dynamics of free prices for the most important types of products.

The coordinated policy of price formation of Commonwealth countries in commodity exchange operations must be reflected in intergovernmental agreements the fulfillment of which must be controlled. Economic sanctions must be applied against violators in accordance with existing legislation and if necessary these questions should be brought up for consideration by the governments.

**Equivalency of Domestic and World Prices for Individual
Types of Products
(With Relation to the Price for Cotton Fiber)**

Main types of products exported from Russia	Cotton imported in Russia	
	World price 1,200 dollars/tonne	Domestic price 100,000 rubles per tonne
Oil	9	35
Motor gasoline	5	13
Residual fuel oil	15	29
Diesel fuel	6	15
Steel pipes	2	4
Lumber	15	29
Shaped timber	6	14

With the introduction of its own currency by one of the states mutual accounting should be carried out on the

basis of a specially determined rate of exchange. Therefore the need appears for agreements concerning a coordinated policy in the field of prices in interstate deliveries in coordination with agreements on monetary-credit relations. Recently appearing publications raise the question about utilization of only free prices in interstate deliveries. In individual branches of industry a situation has already developed when prices on the domestic market exceed world prices in terms of the existing ruble exchange rate. For example, after the increase in prices for fuel the price of Central Asian cotton may come to 180,000 - 200,000 rubles per tonne. This will lead to a situation where an ordinary men's shirt will cost 500 - 600 rubles, men's socks—100, and a diaper—200 rubles. As a result a marketing crisis is inevitable with the need for introduction of a subsidization mechanism. Such a price level on finished products, proceeding from the real income of broad strata of the population, is unacceptable. In principle it is more advantageous to have direct conversion of the ruble into foreign currency at the exchange rate that has formed and purchase of cotton with it, if there was a sufficient amount of foreign exchange.

Free prices for basic raw materials under conditions of a sharp drop in industrial production will inevitably bring about a return wave of price increases. A gradual transition is necessary to a world structure of prices with preservation of interstate principles of trade and economic ties which brings about feasibility of a coordinated policy of price formation with states of the Commonwealth and the assumption of obligations for regulation of the trade balance. Work on the preparation of intergovernmental agreements for 1993 on trade and economic cooperation of Russia with other Commonwealth countries has already started. Questions concerning coordination of the price policy in interstate ties must be a key element of these agreements.

Prognosis for Russian Migration From Republics
924C2162A Moscow NEZAVISIMAYA GAZETA
in Russian 31 Jul 92 p 5

[Article prepared by Natalya Zorkaya and Lev Gudkov (VTsIOM [All-Russian Center for the Study of Public Opinion]) on the basis of reports at the conference "The Fate of Russians in the Republics of the Former USSR," held in two stages in Washington and East Lansing (United States) (the conference was conceived and organized by the eminent sociologist, University of Michigan Professor Vladimir Shlyapentokh): "There Will Be No End. Prognosis of Migration of Russians From the 'Nearby Foreign Countries'"]

[Text] People began to speak and write about the fate of Russians outside Russia basically after 1988, when the departure of certain republics from the USSR began to be seen as a reality. The party apparatus and military and economic leaders tried to use the Russians as a force to impede the national-democratic movement. Russians in

the republics (and partially in Russia itself) were frightened by the impending threat of the same pogroms and strife that occurred in Central Asia (in Sumgait, the Fergann Valley, Novyy Uzen, etc.). Their situation was described and is still being described in catastrophic tones, especially by representatives of those political forces that are trying to return Russia's politics to the imperial path.

The situation of Russians in the republics of the former Union was the subject of a study by the All-Russian Center for the Study of Public Opinion conducted in 1990 and 1991. A total of 8,500 people were questioned. They represented the Russian population of Azerbaijan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Tajikistan, Tatariya, Turkmenistan, Tuva, Uzbekistan, Ukraine, Checheno-Ingushetiya, Estonia, and Yakutiya. The conclusions drawn on the basis of these questionnaires confirm the most "comforting" versions of the prognoses.

The maximum volume of migration from the republics in the foreseeable future (up to 1996) could be 3 million Russians and about 1.5 million people of other nationalities. At the same time, 3-3.5 million would like to migrate from Russia to other republics.

The migration inclinations were weakest among the respondents from the Baltic republics, Ukraine, Kazakhstan, and Tatariya (from six to 11 percent). Next comes the group of republics in which a desire to leave was expressed by from 10 to 30 percent of those questioned: Yakutiya (10 percent), Moldova (23 percent), Kyrgyzstan (24 percent), Azerbaijan (25 percent), Uzbekistan (25 percent), Turkmenistan (28 percent), and Tuva (27 percent). And, finally, the maximum hope of leaving was expressed among respondents in Tajikistan and Checheno-Ingushetiya (37 percent), and about one-fourth of them, driven by the seriousness of the situation in these republics, were prepared to leave right away.

Based on these figures, one can also estimate the absolute volumes of migration. The largest migration flows can be expected from Ukraine—about 1 million Russians; from Kazakhstan—about 500,000; and Uzbekistan—about 400,000. Taking into account the peaceful nature of interethnic relations in Ukraine and (so far) Kazakhstan, and also the reasons for migration given most frequently by respondents from these republics, one can draw the conclusion that the migration phenomena in these regions approach the models of "natural" exchange processes. As distinct from them, the situation in Uzbekistan, and in Central Asia as a whole, in the Caucasus, and in other places is fundamentally different. In the other republics, except the Baltics and Tuva, the volumes of migration could be from 100,000 to 150,000 people from each republic. The volumes of migration from the Baltic countries and Tuva could number several tens of thousands.

The maximum influx of migrants (about 2 million people) should be expected in Russia, and three-fourths of them intend to move to the cities of Central Russia. After Russia, the "new homeland" for Russians from the former Union republics could be Ukraine, where about 200,000 Russians want to resettle. Approximately the

same flow of migrants can be expected to Belarus—about 180,000. The flows could be minimal in the direction of Central Asia and Kazakhstan—no more than 30,000, and somewhat greater to Moldova and Transcaucasia—50,000-60,000, and also the Baltics (about 120,000—but in the last case we are speaking about nothing more than expressed wishes, since it is impossible to realize them because of the restrictive migration policy of the Baltic governments).

The results of the polls make it possible to assert that the widely discussed threat of a flood of migrants to Russia is greatly exaggerated. Thus, only less than one-fourth of those who wanted to move to Russia at all were prepared to realize this intention in the next year or two (this translates into about 500,000 people). In 1994-1995 another 12 percent would like to leave (about 250,000 people).

The desire to leave for another region or republic could be brought about by a change of job, family or marital circumstances, going on pension, the desire to acquire an education or profession, the desire to improve living conditions, ecological problems, etc. Motives of ethnic animosity were indicated by an average of 40 percent of those questioned. A reason given more frequently than average, a "hostile attitude toward Russians," was named by respondents from Moldova and Tuva (54-55 percent), Checheno-Ingushetiya (52 percent), and Tajikistan (50 percent). The pressure for migration is highest in these republics.

Thus, the overall number of migrants to Russia motivated by ethnic hostility could be more than 200,000 in the foreseeable future (before 1996), and taking into account members of their families—up to 400,000 (this means from 50,000 to 80,000 annually in the event that interethnic conflicts are aggravated).

But the absolute majority of those questioned, especially in regions with a low level of interethnic conflict, were inclined to preserve their customary way of life and did not reveal a sense of panic.

On the whole, younger and more highly educated people were inclined to leave, as well as those born outside the republic and so have lived there for a shorter amount of time.

An outflow of specialists, the technical intelligentsia, people educated in the humanities, physicians, jurists, etc., and also managers and employees was observed in all republics except Ukraine and Estonia. Conversely, laborers, regardless of their status and skills, were more inclined to remain in the republics forever.

The rates and volumes of migration from the republics are determined by two most important circumstances: the evaluation of the living conditions and the belief in the political institutions that provide for stability and safety of existence.

The majority of Russians living in the republics on the whole evaluate their standard of living (as compared to Russia or other regions of the former USSR) as "higher" or at least "the same." This is an important indicator of stability, which shows a significant potential for Russians and groups similar to them (the so-called "Russian-speakers") for adapting to a different ethnic environment. The exceptions are the respondents from Yakutiya, Tuva, and Tataria, the majority of whom consider that "life in Russia itself is better than here."

The confidence of Russians in the republic organs of power is lower practically everywhere than it is among the indigenous population. But this attitude has changed significantly over the past year. The level of Russians' confidence in the authorities has risen 1.5-fold to two-fold in Ukraine and the Baltic states and, conversely, it has dropped in the republics of Central Asia and the Caucasus, that is, in regions characterized by increased ethnic tension. The regard for various parties, social movements, and organizations, including national ones, is extremely low (among both Russians and the indigenous population). This reflects not only the overall dismay of the Russians caused by the mutual perturbations of recent years, but also the peculiarities of their political culture—the lack of any efforts for self-organization and the weakness of the expression of their own group and national interests.

In spite of the radical nature of the changes that have taken place in the republics, Russians find it difficult to see themselves as an ethnic minority and continue to hope for the patronage and protection of the leadership of Russia. (An average of 36 percent of those questioned asserted that the new leaders of Russia "had left the Russians in the republics to the caprice of fate," but in the zones distinguished by a high level of ethnic conflict, these indicators were considerably higher: in Moldova—65 percent, Tajikistan and Turkmenistan—50 percent, Chechnya—43 percent, Uzbekistan and Azerbaijan—39 percent, and Lithuania and Estonia—38 percent).

Russians regard their social position as compared to indigenous residents in the republics as higher in Central Asia and as equal or lower in the Baltics and Transcaucasia. This reflects their overall skill, cultural, and general educational level as compared to the indigenous population, and, moreover, it fits within the framework of modern ideas about the corresponding role of Russians. This is why in the Baltics a change in status or even a subordinate position is accepted relatively calmly. At the same time, in Central Asia Russians are experiencing a so-called position conflict, seeing themselves as a better trained group and therefore claiming higher authority and occupational positions and the corresponding attitude toward themselves. They refuse to recognize the legitimacy of the new groupings that have come to power or seized it, regarding them as mafiosi, national extremists, etc.

The majority of those questioned, while recognizing the acceptability of political and economic pressure from the leadership of Russia on the governments of other republics in order to protect Russians or other citizens of the former USSR, were still decisively against any attempts to use troops for these purposes (in the Baltics and Ukraine, the proportion of such answers was from 67 to 70 percent). Such actions would be approved by the Russian-speaking population in areas of ethnic conflict: Kyrgyzstan, Chechnya, and Azerbaijan—42 percent, 40

percent, and 36 percent, respectively. In other republics this indicator was somewhat lower—from 26 to 30 percent.

In exactly the same way, most Russians are extremely alarmed and have a negative attitude toward the idea of creating special Russian "self-defense detachments" in the event of a sharp aggravation of the situation in the republics.

POLITICAL AFFAIRS

Burbulis Comments on Reform, Other Issues

924C2190A Moscow ARGUMENTY I FAKTY
in Russian No 31, Aug 92 pp 1-2

[Interview with G. Burbulis conducted by N. Zhelnorova and V. Starkov: "The Troublemaker From Yeltsin's Team"]

[Text] The discussion with G. Burbulis, secretary of state under the president of Russia, had been scheduled for 1000. Knowing that back in the spring he had taken his place in Staraya Square, in Suslov's office, that is where we went. We were wrong; the secretary of state was working in the Kremlin, in the office which had previously belonged to Gorbachev. He was quite candid in the discussion, although he did not like all our questions. But since he had agreed to an interview, he put up with them. He did not approach the telephones, and even when he was sought "very urgently," he did not respond.

[Zhelnorova, Starkov] We had initially wanted to invite you to come and see us at ARGUMENTY I FAKTY, but then thought: There would be the security also, God forbid that our whole Myasnitskaya be closed off....

[Burbulis] Indeed, security is inevitable. But had you invited me, asking me to show up without security, I would certainly have come.

[Zhelnorova, Starkov] Did you necessarily have to move initially to the headquarters of the Central Committee—to Staraya Square—then here—to the Kremlin? Like the communist enticements.

[Burbulis] First, the Kremlin is today the residence of the president of Russia. Second, there are no communist ways here; there is a functional need to have "implements of labor": a desk, chair, communications facilities. The moral mistake, perhaps, was the fact that the government agreed to occupy Staraya Square. But this was for organizational support for the work.

The Reforms

[Zhelnorova, Starkov] People already know that following his vacation, the president of Russia is returning with new ideas. In the winter he said that life would improve in the fall, but what might we expect of him that is the least bit new following the anniversary of the putsch?

[Burbulis] A grand discussion concerning privatization in Russia. We will opt for a model which might simultaneously be based on the need for social justice and man's desire to acquire property. This is in terms of scale a root, radical stage of the reform.

[Zhelnorova, Starkov] It is a rather so-so "root" when mineral resources and the land have not been given to

people and when only 10 percent of all national wealth will be distributed to the nation. This is trumpery, not privatization.

[Burbulis] What has the president to do with this?! Who is not giving land to people?

I am talking about the scale of a philosophical reform. But if some people want to effect privatization in Russia overnight....

[Zhelnorova, Starkov] What overnight? A year has passed already, and nothing has been done!

[Burbulis] "Nothing" is putting it strongly! Things have been done, and many things at that. And, further, where have you seen a country which could escape from such "economics" in a year?

[Zhelnorova, Starkov] We understand all that, but the Ryzhkov government said the same thing.

[Burbulis] Nothing of the sort. A most appreciable result of this year is the conclusion that there have not previously been reforms of such a scale. The second conclusion is that we know theoretically that in Russia's history all attempts to reform reality have ultimately been confounded merely because the need for reforms and the forces which have embarked on their implementation have come into irreconcilable conflict with traditionalism. That is, the foundation which is laid, if I may put it this way, in the genes of the Russian society and state.

So the year's main result is seeing and discerning in this historical lesson that which is most important: the abandonment of reform mythology, which means that everything may be done according to some plan from above, according to "projects" sent out from the Kremlin. Those who are today reproaching the present government for a frenzied borrowing of Western models are wrong, just as are those who are living in nostalgia for the distinctive Russian path isolated from the world. It is now necessary to find a form of reality in which we could rely on both our Russian traditions and the conquests of world civilization.

Today this is our main conclusion: an intention is good only when it is combined with real conditions and people who are capable of accomplishing it.

[Zhelnorova, Starkov] Straight from Lenin. You are stating the obvious as a discovery. The street raised you; the street also brought you here, to the Kremlin. But do you now often meet with this street? Sitting in your Kremlin office, you say that the "process is normal," but do the people, who have neither Kremlin nor cars nor offices, share your viewpoint?

[Burbulis] These offices were given to you.... You had better just listen; I will cite you the objective data of a poll conducted by Zdravomyslov. Some 77 percent of the Russian population considers its personal situation either normal or satisfactory. Sixty percent here considers the situation in the country to be unsatisfactory

and in crisis. I agree with this indicator absolutely. And do you, in turn, not agree that it is not necessary to walk the streets and stand in line every day to realize this? It is generally desirable seeing and comprehending the situation in bulk.

And all attempts to evaluate our actions as the intrigues of the latest Kremlin reformers who have seized power and are attempting to realize it at the expense of the people's interests I categorically reject.

It seems to me that there have been, perhaps, in the history of Russia few such stalwart people—from the president through the government—acting in the interests of the majority of the population.

[Zhelnorova, Starkov] Theoretically.

[Burbulis] Why theoretically? We are talking about an action program!

[Zhelnorova, Starkov] Why, then, are you displaying no concern for the trust of the people for whom so much is being attempted? Why is there much that is nebulous in your decisions and why do your ministers not consider it important or necessary to explain to the people their intentions in layman's terms? ARGUMENTY I FAKTY, for example, considers it essential to explain some things to people in respect of the new government decisions, but ministers fob us off. For whom, then, are your profoundly considered decisions if not the trust and participation of the people?

[Burbulis] And now, it seems, it is you who are speaking straight from Lenin.

To some extent, one-third, perhaps, your rebuke is fair. But, then, you would be for that sterility of the news environment which we have, thank God, left behind. For see here, we are not even resorting to the proposal that the major newspapers introduce an "Official Newsreel" section in which we would not be subjected to mockery and cheap shots. But, on the other hand, without concentrated news and propaganda support the reforms are practically untenable. This is true. And this was my viewpoint, for which I was immediately accused as follows: The "sledgehammer of propagandism" will be beating down on our heads once again.

[Zhelnorova, Starkov] A mass of laws is appearing. How are we to understand and study them? Brochures and pamphlets, which, as if recounting in detail, explained everything to people, were issued in Germany in the reform period. Why cannot we set everything out shelf by shelf: you may do this, people, but this is prohibited. Why is it not constantly and intelligibly explained to people what the government wants and what it will do step by step and what the outcome of this will be? What the CPSU was "good" at was explaining everything, although it lied shamelessly.

[Burbulis] I agree with this. Such an information system is extremely necessary, and if by the time of our next meeting nothing has changed here, consider me a

windbag. But! This is not only a task of the authorities, it is the task of society itself also: to study, interpret, and collate this knowledge via certain centers of information.

[Zhelnorova, Starkov] What, in your opinion, is the main obstacle in the implementation of the reforms? What is in your way?

[Burbulis] The legacy we inherited. We made paramount the principles "non injuria" and, simultaneously, "no abandonment of the reforms." Whence, perhaps, the suspicion: Has the president not backed off? And delight, possibly, is being engendered in some people: He, the president, is closer to us than he was two or three months ago. In fact, the situation requires of the Yeltsin to whom we are accustomed new forms and approaches in decisions. The course of reforms is irreversible, but tactically it presupposes a consideration of the balance of forces.

Whoever does not understand this views the situation as defeatist (the democrats, it is said, have retreated). But it is now in fact a question of a fundamentally new stage, where the concept "democrat" should imply a different type of person, his different lifestyle even. We are switching to normal reform routine.

Democracy now needs more than just a sincere feeling and an ardent heart, it needs knowledge and ability also. And there is a great shortage of these.

Himself

[Zhelnorova, Starkov] V. Pozner asked you on television recently: "Why have you receded into the background?" It was hard to understand your answer.

[Burbulis] This is the "fault" of television, possibly, for a broadcast should be comprehensible to people, in any event. This is the journalists' job.

But as far as the essence of your question is concerned, however you interpret it, nothing has changed with me personally!

[Zhelnorova, Starkov] There has been an improvement, rather: You are now, after all, in the Kremlin, in Gorbachev's office!

[Burbulis] Yes, offices are, after all, your sore point, your eccentricity (laughs). Well, O.K. The paradox is that my work and my cause have remained entirely as they were before. However immodestly this is said.

My appointment to the government had a specific purpose. The "cabinet" (but not that to which you continually allude) needed normal mediation, a person who could link the democratic forces with the young members of the government. I believe that at the main moments we did everything more or less correctly. In order to commence the reforms we needed to have a homogeneous "team" which relied on the political will of the head of government and its own professionalism.

On the eve of the Sixth Congress the conflict between the legislature and the executive, in which the clear thorn in the flesh was Burbulis, had intensified, and an adjustment of the makeup of the government with regard for the new tasks was ripe, what is more. We had broken down the wall—this is, possibly, what was most important. But a different kind of ability was required now of the newcomers....

[Zhelnorova, Starkov] Why did you call yourself a "thorn in the flesh"?

[Burbulis] I, like any person, sense the attitude people have toward me. Either I am accepted or I am not. No one has a neutral opinion of me. This could be connected with notions of the following type: "He has been self-assured from birth"; "he is in no hurry to indulge in sentimentality and open his heart in instances where some people might like"; and so forth.

Many high-level politicians maneuver, and they succeed, most likely, in passing more logically between these obstacles, on which popular rumor so depends. Yes, well, this is a kind of ability also....

[Zhelnorova, Starkov] Do you find it easy working with Yeltsin? On the purely psychological level—you are very different, after all.

[Burbulis] For me it is easy. As for the president, it is hard for me to judge.

[Zhelnorova, Starkov] What is his most important character trait?

[Burbulis] Three qualities, a combination of which constitutes Yeltsin for me. These are his capacity for self-improvement, a developed need for compassion (an ability to feel people's life as his own), and intelligent willpower. All the rest emanates from this, as it were.

[Zhelnorova, Starkov] Do you allow for the fact that Yeltsin might at some moment betray you? As, say, Gorbachev betrayed his associates.

[Burbulis] No. But carrying over personal relations into government service or proving to be dependent on personal relationships can be ruled out for him also.

[Zhelnorova, Starkov] How do you explain the irrepressible passion of our present politicians for authorship? No accomplishments, but books, as explanatory memoranda—a pile of them.

[Burbulis] There are among politicians, most likely, many who are at heart primarily men of letters and autobiographers. And, certainly, even when doing something practical, they are sometimes thinking about how they will write about this subsequently.

[Zhelnorova, Starkov] What is the biggest mistake you have made in government office?

[Burbulis] What you have already spotted. My longstanding concern. I have displayed insufficient attention

to the problem of explanations of the essence of the transformations being undertaken in Russia.

The Putsch

[Zhelnorova, Starkov] What were your strongest feelings at the time of the August putsch?

[Burbulis] A sense of guilt before those who risked their lives, and risked them to a large extent on account of our stupidity, mine included.

The putsch was an objective blip, it was predetermined. The putschists had their target—Yeltsin and his "troublemakers." It was a question of isolating a particular group, after which, they thought, all would be well.

[Zhelnorova, Starkov] We in the editorial office imagined that several employees of a banned publication—ARGUMENTY I FAKTY—might be arrested. And you?

[Burbulis] However surprising, I did not think that they would seize journalists as well. After all, it was sufficient just to scare many of them a little.

[Zhelnorova, Starkov] How do you explain this fact: If thousands of people can by universal satellite communications get in touch with any part of the world, did Gorbachev really not have such a telephone in Foros, and as a result he was cut off? Did the president of a powerful state crammed with nuclear weapons not have a radio telephone?

[Burbulis] I also do not believe that he could not have gotten in touch with whomever he wanted. It sometimes seems to me that he himself needed to be cut off. To impose a "state of emergency" through the Emergency Committee, so to speak, leaving no trace. And, most likely, he did not want a putsch, and equally urged it on.

There is something else that is bad, the fact that people at times do not mean much to him; what is valuable for him is merely the ideology of self-survival.

[Zhelnorova, Starkov] Why, in your opinion, was Yeltsin not arrested?

[Burbulis] None of the putschists wanted to assume the crucial job itself or to give an unequivocal order and carry it out—this was too risky.

The Future

[Zhelnorova, Starkov] Do you intend holding a referendum on the land? This is the central aspect without which the reform would continually come to a standstill.

[Burbulis] It will be appropriate only when the people advocate a referendum. We have abandoned the forced implementation of what is most radical in the reforms in accordance with the Soviet-Russian "prescriptions" which view the people as cattle, and the reformers, as the holders of the truth.

And, besides, it would be difficult now, I believe, to make assumptions as to the kind of result to which a referendum would lead....

[Zhelnorova, Starkov] We have come to you not only as journalists but also as citizens. What does the future hold for us?

[Burbulis] This will largely depend on the alignment of forces in society. There has been a natural division of society into two strata: the populace, which does not allow for a return to the old ways, and the stratum directly participating in the administration of the state. And it is in this second stratum that simply polar-opposite positions in relation to the reforms have taken shape. Both those who do not want reforms and convinced supporters thereof are equally strong in this stratum at this time. And the extensive practical implementation of the reforms will depend on how we are all able to take up our positions and neutralize the most dangerous wing of this stratum.

Shakhray Evaluates Leadership Politics

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in Russian No 35, 26 Aug 92 p 11

[Interview with Sergey Shakhray, member of the Supreme Soviet of Russia, by LITERATURNAYA GAZETA editor-in-chief A. Udaltsov and LITERATURNAYA GAZETA editorial staff members Yu. Kulikov, I. Rishina, L. Polskaya, V. Golovanov, A. Tarasov, V. Bonch-Burevich, O. Moroz, and A. Borin; in Moscow, date not given: "Meeting in the Editorial Office I Have Irritated Many People"]

[Text] We are continuing our meetings in the LITERATURNAYA GAZETA editorial offices. This year we have been visited by former presidents of the United States and the USSR R. Nixon and M. Gorbachev; members of the Constitutional Court of Russia, and a group of entrepreneurs headed by K. Borovoy; secretary of state under the president, G. Burbulis; and A. Solzhenitsyn's wife, Natalya Dmitriyevna. Today we are meeting with a member of the Supreme Soviet of Russia, S.M. Shakhray. As usual, his personality evokes unwavering public interest.

[A. Udaltsov] We watch television and we see many new faces who have ended up at the helm of state. But we know very little about them. Gaydar, Burbulis, Chubays, Aven, Nechayev, Shokhin.... Who are they? Where did they come from? How did they come to lead the country? Perhaps they are devoted to democratic ideals? Perhaps it was personal connections? How was this team formed? Could you tell us something about yourself: How you ended up in the state structures, and what point does a person suddenly begin to feel he is a state figure? Do you wake up one morning and say to yourself: "Starting today I am not simply a jurist, not simply an active figure in the democratic movement, but a person of power." How does this happen psychologically?

[S. Shakhray] First of all, I consider it a great honor to meet with the LITERATURNAYA GAZETA staff. LITERATURNAYA GAZETA has played a considerable role in my emergence as a politician. My path to the state structures? It all took place randomly in part.

After I was elected people's deputy of Russia, even before the congress, I wrote a scenario for the development the congress and what needed to be done to achieve the desired results. And apparently I came to the attention Yeltsin's team. When he was elected chairman of the Supreme Soviet a commission was formed for selecting his deputies. That was when I was first invited to see him. As you know, I did not get elected deputy chairman, in which "assistance" from Yeltsin's closest advisers also played a part. Later I was elected chairman of the Committee for Legislation. In 1991 I became a state adviser for legal policy, and beginning in December of this year I have worked for four months as a deputy chairman in the government. New people have come in—professionals. I met Gaydar, Shokhin, Chubays, and Nechayev just before they were appointed, and it was extremely nice to talk with them. There was a unified team. True, this romantic period lasted only a couple of months. Now there is no longer any team.

Today? Today there is no government in the Russian Federation. The group of people, the cabinet, which we have is a temporary government. I have already discussed this in the press, but now it is worthwhile to augment my previous analysis. We have a unique situation: It is as though each of the three branches of power is broken in half at the highest level. The legislative power has two parts: the Congress and the Supreme Soviet. The executive power too: the president and the collegial organ—the Council of Ministers. The judicial system is also divided: the Supreme Court, the Constitutional Court, and the High Arbitration Court. In my view, these are all signs of a transition period. Look, has the parliament really become a legislative and control organ? What did the deputies of our soviets do before? They gave their formal consent to the appointment of ministers, which enabled them to feel like participants in executive and administrative functions. But their real role amounted primarily to coming to Moscow, making the rounds of the departments, and getting hold of funds for their enterprises and their constituents. I am not saying that this is a totally bad thing; it is simply that this is the way the system was conceived; this situation was natural for the deputies. But when it suddenly turned out that the government was being formed by the president, many members of parliament were very irritated. Mainly the economic leaders and former party cadres. This is why the chapters of the draft of the new constitution on the procedure for the formation of the government were the subject of a bitter dispute. The draft, which was approved by the Supreme Soviet, is a return to the old system, when the government was a collegial organ in the full sense of the word, and all the ministers were appointed and replaced by the parliament. But why have a president in a situation like this? The unstable balance

is constantly being disturbed, which paralyzes work. Who, for instance, is in charge of the anti-monopoly committee and is it a part of the government structure? While the disputes were going on this committee was inactive for a whole year. I am telling you all this to show that so far the authorities are not firmly established; the government we have is a transitional one—that is, temporary. Although at the Fourth Congress there was a point when Yeltsin could have formed a full-fledged government and achieved approval of Yegor Gaydar by the prime minister.

[Yu. Kulikov] If we no longer have a unified team, how many teams compose the government today?

[S. Shakhrai] At least three blocs. One is the economic and financial bloc, which includes Gaydar's team. The second is political: the ministries of security, justice, internal affairs, and foreign affairs. This bloc has not yet become a part of the government. It works exclusively for the president. Perhaps this has to be accepted as logical, but let us then create not a collegial government but a cabinet of ministries formed by the president so that we can get rid of the extra unit in the system of executive power. And, finally, the third bloc: It consists of the ministers of the so-called operational-economics bloc. This bloc reminds one of a salty soup with many ingredients. It was through it that Khizha, Shumeyko, and Chernomyrdin were brought into the government, and it was because of this bloc that the material-resource levers were taken away from Gaydar's team (and so far we have no others in our economy). It is through this bloc that the government is now being actively changed.

[A. Udaltsov] For some time events have been occurring which place the society at an impasse. First some presidential ukase is adopted and then it is suddenly revoked. Is there some kind of team which would make it possible for the president to sign an ukase which would not have to be revoked later, to say words which would not have to be reinterpreted later? It is difficult to imagine such a thing in the Bush administration.

[S. Shakhrai] In principle, what you are talking about was one of the reasons why I resigned. I must admit self-critically that I failed, I did not succeed in arranging it so that any presidential decision would undergo a legal evaluation and be substantiated by financial calculations before it was signed. There was a time when ukases proceeded more or less normally. And it also happened that too many ukases got through without legal verification. One of the latest examples was the entire package of ukases on the Security Council. The state-legal administration—of which, incidentally, I was not in charge for a single hour—was created in order to form a unified channel for preparing presidential ukases. Alas, nothing came of this. And I did not want to play the role of a screen, to create the illusion that all this was my work. Today there are several channels through which draft ukases pass. The first is Skokov and the Security Council. Many resolutions are sent from here directly to Yeltsin, bypassing any legal checking. The second

channel is the president's administration. The third is the government. The fourth is the vice president. Sometimes the state-legal administration, which has fairly competent professionals, manages to "intercept" one draft or another and rework it until it is right.

[I. Rishina] We have seen how at one time Yeltsin fought a persistent battle for you. But still in your conflict with Petrov he said that he would not betray Petrov. What is this all about?

[S. Shakhrai] In principle, I still had not become one of the president's men. They put up with me and recognized that sometimes valuable advice and fairly good draft laws came from me. But on a personal plane I was constantly irritating many people. Apparently I am hard to get along with. If I think that something is being done in the wrong way I have a persistent habit of speaking about it openly. And sometimes I even take some unsanctioned actions.

One must admit that Yeltsin is a good judge of character and this usually stands him in good stead. But, in my view, there are also lapses. And then, after he was betrayed five years ago by people from whom he would least have expected it, he developed what I call the "1987 syndrome." In addition to people whom he really trusts (you can count them on the fingers of one hand), to balance things out he also included on the team representatives of other views, including various political views. It is as though the various forces neutralize one another and thus provide for the president's stability.

[I. Rishina] Is that a good thing?

[S. Shakhrai] The fact that up to a certain point there is a certain guarantee against another conspiracy or more betrayal is probably a good thing. But the team's ability to work decreases accordingly. One ends up with a "zigzag policy."

[L. Poliskaya] After August 1991 there was a certain hiatus in the country's political life. What caused this?

[S. Shakhrai] I will begin at the end. The CPSU has always been a "party of power." It has used this lever with such genius (and largely does so to this day) that when receding it gave up only the attributes of state power: the parliament and the post of president. All other executive, regional, economic, and military structures remained in the hands of the same people. Many of them have abandoned their communist clothing but this has not changed them. A diarchy has arisen. If you wish, this is a revolutionary situation in reverse. CPSU structures and the party nomenklatura were unable (they are genetically incapable of this) to turn the power over to the democratically elected organs peacefully. The democrats were unable to seize it, and the fragments of power and statehood fell in the dust and dirt, where they remain to this day.

Actually, Gorbachev's team is already well aware that our state is the CPSU. Its unreformability and, as a

result, destruction predetermined the collapse of the Union. Gorbachev's team tried, by transforming the CPSU, to create conditions for the transformation of our state, a gradual departure from totalitarianism. But by the end of 1990 this attempt had ended in failure. And all of 1991 was marked by the shift of party power, if you will, a party coup, which was inevitably followed by "changes" in the party leadership.

On the eve of the July Plenum of the Central Committee at a session of the Politburo, a draft resolution, which was anonymous (they did not manage to find the author), advocating the overthrow of Gorbachev was circulated. Three preliminary issues were resolved at the plenum itself. The first was to declare the 29th Congress extraordinary. The difference is that at a regular congress they report and elect the entire Central Committee while at an extraordinary one they can change only the general secretary and co-opt the people in the Central Committee. The second issue was that they proposed reducing the number of participants in the congress from 5,000 to 2,000. Third, they actually predetermined the decision to elect congress delegates not through the primary organizations but through plenums of rayon committees and kray committees. That is, it was already clear what the 29th Congress, planned for October 1991, would be. It is telling that at the July plenum Lukyanov gave the leader's speech. I cannot prove it legally, I have no documents, but this is not a trial, and therefore I shall say this: Lukyanov took over the highest state post, and Prokofyev—the post of general secretary in a "renewed and restructured CPSU." And the events of August 1991 were provoked by overt actions on the part of Gorbachev, who went to meet Yeltsin, Nazarbayev, and other republic leaders halfway. Without waiting for the new USSR Constitution, it was suggested in keeping with the new Union Treaty that they reform the high state organs and form a new government. Kryuchkov recorded the conversation between Gorbachev and Yeltsin and Nazarbayev. He and the political circles supporting him, naturally, did not like the idea of the coup. This is why they jumped the gun even before the 29th Congress. Using force, they tried to return fully to the old order. The results of August are known, the party state mechanism collapsed. But what was to be managed and how? And this problem has not been resolved to this day. And herein lies the tragedy of the present moment. Therefore, when the euphoria of the first nationwide presidential elections had passed and the president of Russia got into the vehicle of government it turned out to have neither a steering wheel nor brakes. There was a pause, which continued from August until the beginning of November, when we issued the draft ukases with the new organizational structures of power: representatives of the president and heads of the administration. But old party cadres were also used. Sometimes there was nobody else. The system should have gradually begun to function. And if we somehow managed to get through the first two steps, the third step caused a loud stir. I am speaking about the draft law on the responsibility of

officials for failure to implement legislation of the Russian Federation. This had to do with laws and ukases of the president. For the entire chain of administrative instruments existed in the party-state machine: There was the stick and the carrot and discipline and responsibility for the implementation of decisions. If you are expelled from the party you lose your job, etc. We developed a proposal—there was no other and there could be no other in this country: Let us close the whole chain of administration. If the laws of Russia and the ukases of the president are not being implemented, there will be clearcut, formalized liability in the form of fines. But the fines are stiff. That is, a person would not be placed behind bars but would be subjected to a penalty and would lose his job. But we did not succeed in bringing this off. Khasbulatov and Minister of Justice Fedorov—for some reasons, perhaps without political context—rejected this draft law, and we still have no possibility of applying any sanctions for the violation of Russian legislation. Therefore we can forget about the laws and ukases. Briefly, we did not manage through reform to replace the party vertical structure with a different vertical structure, or party responsibility with state and juridical responsibility. Hence also the powerlessness and excess.

[V. Golovanov] So the "power is hanging by a thread."

[S. Shakhrai] If one is to speak of power on the scale of the whole Russian state, it is not even hanging; it is sitting there on the ground unattended.

[A. Tarasov] Now one frequently hears discussion of an imminent coup d'etat.

[S. Shakhrai] In my view, simply nobody needs an armed coup d'etat in the near future. A social rebellion would be more likely, one provoked by national communist forces, which are traditionally well organized and active, and now they are operating according to the principle: the worse the situation (while skillfully aggravating it) the better for their return to power. We are now seeing a gradual filling of the power vacuum with parallel structures, organs like the Security Council, and there are personnel shifts in the highest echelons. Under certain conditions all this could be transformed (or is already being transformed) into a "creeping" coup d'etat. A holy place will never remain empty. I am just afraid that there will be another attempt to reorganize administration before there are transformations in the society. Power within power, power for the sake of power. Since there is the sense that power can be gained without radical transformations in the economy and society, both privatization and the land reform will subsequently bog down. But without millions of landowners, people who have something to lose and who are vitally interested in the strict rule of the law, our society will remain unstable as before and at the same time both extremely revolutionary and extremely conservative.

What, in my view, are the prospects now? I do not want to look like a fortune teller, but I think three scenarios are possible. Or a combination of parts of them.

The first, as I have already noted, is a social rebellion with the prospect of turning into a civil war with ethnic overtones. The possibility of this development of events is increased by a number of analogies with the appearance and failure of the Weimar Republic. At that time Germany, having lost the war, lost its territory. Then an extremely deep economic crisis developed. And then with the idea of getting rid of the "national disgrace" the national-socialists (fascists) came to power. The self-awareness of the majority of Russians does not coincide with the borders of the RSFSR either. The collapse of the Union is perceived by many as a loss of land, a threat to the existence of the Russian nation. An economic crisis is also in evidence. And in exactly the same way, national-communists and national-patriots are coming to power.

I also mentioned part of the second scenario. This is the path of a "smooth" ascension to power of parallel, shadow structures, including with the use of existing state institutions and officials. And initially it would be possible to have "harmony" among officials in power. But then there would probably be a stage of "maturation," when it would be necessary to give a sacrifice to the "dissatisfied masses," right down to the president, which would also be a prelude to a palace coup, in which they try to discredit and overthrow the president. But it would be necessary to bring in tanks and storm something. The main condition they would try to observe would be external legality and legitimacy, although the minute one enters on this path, internal logic insists that one must move on to terror. The concept of "spilling a little blood to save a lot of blood" would be proclaimed.

The third scenario presupposes energetic, easily understood actions on the part of a legally elected president, parliament, and government of Russia and support for them among the population. In the first place, this would mean a "forced" distribution of property, land, and enterprises. The president could do this with his ukases before 1 December.

Second, it would be necessary as quickly as possible to make public the plan of immediate actions for protection of the underprivileged, provision of food, preparation for winter, and easing of the consequences of unemployment. Certain forces and means would be mobilized to save the underprivileged. We need a certain amount of food and we will either raise it or get it from abroad (from a certain place and under certain conditions). We will develop a system of public jobs (for example, road construction) to employ the unemployed. Workers of large enterprises, mainly of the military-industrial complex, will be given guaranteed earnings for a certain period, and during that time they will be able to prepare for the transition to new market structures. And so forth.

People will be irritated most by the fact that they do not know what the authorities intend to do. Clear answers are needed.

Third, the fight against crime ("coercive" departments must abandon their position of neutrality, their elite must be restored, promotion of young generals and colonels; some of the officers discharged from the army will be transferred here).

Fourth, transformation of the class of bureaucrats into committed allies of reforms. We must not repeat the policy of the Bolsheviks with respect to the "old cadres." We must give bureaucrats legal guarantees that they will receive both plots of land and some of the shares from the state sector, that their earnings, which are less than those of the commercial structures, will be compensated for with social security, etc. This approach will be "less expensive" both for the society as a whole and for each of us. Otherwise all the good decisions made from above will remain nothing more than empty sounds.

Fifth and finally, an appeal to the patriotism of the Russians. The line between a patriot and a nationalist is very fine. But if the legitimate power puts forth such a slogan, it is a legitimate attempt to concentrate and unite Russians around the idea of the rebirth of Russia under the slogan "Property, freedom, order!"

[V. Bonch-Burevich] Directly or indirectly all versions of the development of events revolve around a strong, sometimes even authoritarian power. The specter of the "strong hand" pervades the air. Is Yeltsin a candidate for the "strong hand"?

[S. Shakhray] We do not have much choice. Either order will be imposed by the president with the support and under the control of the parliament or someone else will do it. But in the former case this could be the force and power of the law, and in the latter the power of force and lawlessness. True, it seems that we have not yet seen a readiness and ability to act in a resolute and coordinated way on the part of the president and parliament.

[O. Moroz] You have given a diagnosis and to a certain degree you have given a prognosis, but what would be your personal role in the healing of the society? Would you engage actively in politics?

[S. Shakhray] We shall soon taste the real fruits of the multiparty system. Therefore I do not link our future activity to any particular party. There are certain, just preliminary, plans for creating a strong organization for protecting property and entrepreneurship, in whose implementation I might participate. This could be a system consisting of legal, political, and organizational-technical ilots.

The first would handle the real protection of enterprises and farmers in general courts and other state organs. Cases affecting the common interests of the "third estate" would be heard both in the Constitutional Court and in the parliament (we would also protest decisions of

the government and the president and the parliament). We would defend other democratic institutions as well. For example, I will defend in the Constitutional Court the interests of the newspaper IZVESTIYA and thus the independence of the "fourth power" as a whole. (Incidentally, the press and television are more effective than the first two powers.) Additionally, it is possible to create a structure for insuring the safety of property, commercial secrets, etc. It might be necessary to create commercial subdivisions as well. In time there should be political and legal support for the "third estate" in the very broadest sense of the word.

[I. Rishina] How does it seem to you, how fateful for Russia is the fairly strange "trilateral alliance" of Rutskoy, Voltskiy, and Travkin? Could it become a "ray of light" in our "dark kingdom"?

[S. Shakhrai] Its appearance fits quite well into the analysis I have offered you here today. Structures are being created to fill the "power vacuum," and the "civil alliance," in my opinion, is one of them. I will not give it a negative or a positive evaluation. It can be judged from its results. I know the leaders of the alliance personally.

I met with A. Voltskiy recently. At one time I was helping N. Travkin to become the head of the administration of Shakhovskiy Rayon of Moscow Oblast, and I worked with A. Rutskoy for many months. If their slogans are realized—civil harmony, economic reform—God bless them. I am bothered only by the fact that certain forces on which their alliance rests are still hard to see as having reformist leanings. And we cannot get by without restructuring industry or without a strict financial policy of real transformations.

[V. Bonch-Burevich] Sergey Mikhaylovich, have you read the article in LITERATURNAYA GAZETA by Yuriy Shchekochikhin entitled "Fear" about the strange things that are taking place among the Moscow leadership?

[S. Shakhrai] I have. As early as December of last year at a session of the government and—true, in the president's absence—I suggested seriously straightening out the situation in the Moscow mayor's office and even temporarily turning over a number of functions of the executive power in Moscow directly to the Government of Russia. Otherwise, as I saw it, the federal powers could "go down" with the Moscow ship, which is overgrown with barnacles. I received no support at the time.

[L. Poltskaya] One frequently hears that the meetings of the Constitutional Court have turned into a kind of spectacle. Does it not seem to you that television has played a negative role here and has not made this process a strong political event?

[S. Shakhrai] Perhaps it is good that television has "muffled" the political resonance. But there has been no professional legal coverage of the process either. I risk sounding immodest but, along with the "death-dealing" documents, we also prepared an entire system of issues

because of which certain witnesses from the CPSU were ultimately transformed into denouncers of party structures. But not one of these subjects was shown on TV.

[Yu. Kulikov] Which of the documents that were shown distressed you especially?

[S. Shakhrai] Many of them. For instance, the decision of the Politburo about Murakhovskiy's note on what to do with meat from the zone that was contaminated after Chernobyl. It was decided to wash it with water, cut off the lymph nodes, and put it up for sale.

[A. Borin] What do you think about the trial of the State Committee for the State of Emergency?

[S. Shakhrai] Even political criminals must be judged only in terms of criminal articles. The Germans, for example, were wiser than we were. Honecker, for example, is being tried not for some political regime, but for the 49 people who died at the Berlin Wall. Why? Because troops were brought into the city. Who gave the order? Who introduced the state of emergency? These people. Indirectly premeditated murder, Article 102 of the Criminal Code. Both the investigation and the trial could have been over with long ago, but this way it looks as if the State Committee for the State of Emergency members will most likely go free.

[A. Udaltsov] Sergey Mikhaylovich, we thank you for a very interesting and candid conversation. Forgive the noise from the street, which disturbs us all the time. Under our windows they have been building something continuously for many years. We have had Brezhnev, Gorbachev, and now Yeltsin; Promyslov has been replaced by Saykin and then Popov and then Luzhkov, but this noise still continues. Perhaps nothing at all can be changed in our country.

[S. Shakhrai] I have moved into the White House and they are digging up something under the windows there too. Perhaps they are building more barricades....

Gorbachev Did Not Have Control of Nuclear Forces During Putsch

924C2205A Moscow NEZAVISIMAYA GAZETA
in Russian 21 Aug 92 pp 1, 2

[Chapter from the book "A Kremlin Conspiracy. The Investigators' Version" published in the "August 91" column by Valentin Stepankov and Yevgeniy Lisov: "The USSR President Was Not the Only Owner of the Nuclear Button. From 1630 Hours on 18 August 1991, Gorbachev Did Not Control Even His 'Nuclear Attache Case' Anymore"]

[Text] The authors of the book "A Kremlin Conspiracy. The Investigators' Version" [Kremlevskiy Zagovor. Versiya Sledstviya] gave the manuscript to the magazine OGONEK, with whose kind permission NEZAVISIMAYA GAZETA is publishing one of the chapters.

Whose hand is on the Soviet "nuclear button?" There was perhaps no issue arousing greater concern in the world during the days of the coup, nor was there a more unclear issue. We cannot say that this issue has been clarified considerably as time has gone by. Numerous "sensations" in the domestic and foreign press testify to this. On 31 August 1991 the Italian newspaper *CORRIERE DELLA SERA* published an interview with General Moiseyev, a former chief of the General Staff, who held the position of minister of defense for just one day.

"...During these hours, I was the only person controlling the strategic nuclear forces. The president was cut off, and so was Yazov. I can tell you that I ensured security, and did so properly. Nothing threatened the world.... When contact with Gorbachev's dacha was cut off, we disconnected all means of communication and placed the nuclear briefcase in a safe place. I am talking about launch codes, which were canceled. Nobody could have made use of them...."

This is what General Moiseyev asserts.

Not long before his resignation, President Gorbachev assured the world community in an interview given to French journalists: "Only I can begin a nuclear war."

Meanwhile, a completely different notion of global security problems exists at the level of mass consciousness. By way of an illustration, we will quote an article by Doctor of Political Sciences Dmitriy Olshanskiy in the weekly *ROSSIYA* (27 November-3 December 1991). To begin with, the author offers the following "facts," as he puts it, to the readers:

"...On 18 August, when emissaries of the GKChP [State Committee for the State of Emergency] arrived in Foros to see Gorbachev, everything was as if in order, as is always the case, as it ought to be. 'The guardian of security' of the country—the officer of the day, 'the nuclear subscriber,' the bearer of that particular 'attache case' or the 'briefcase' which holds the nuclear codes through which the supreme commander may send our strategic nuclear might into action, may, so to speak, press the button—was at his place, next to the president.

"After the delegation of GKChP-ists' left Foros, the officer disappeared in an unknown direction, without a trace. He vanished completely into thin air, along with the attache case. To this day there has not been a single report on his fate that is official to any degree...."

Subsequently the author informs the reader that "a mad 10-hour race began at 0940 hours on the first day of the putsch" of generals of the General Staff aimed at blocking the "nuclear locks" [yadernye zamki]—i.e. special communications facilities—so that nobody would be able to make use of the "key"; that is, codes which were kept in the attache case of the security officer who disappeared without a trace.

During the "mad race," which came close to ending in an armed clash with KGB personnel, the people from the

General Staff continuously thought about the missing officer and went over "three main versions" of what happened to him.

"The first was the most reassuring: The fellow with Gorbachev's 'nuclear attache case' had simply carried out instructions to the end. The instructions somehow have a provision for self-liquidation in a critical situation. Therefore, he 'blocked' the attache case and was blown to bits together with it....

"The second version: The man went into hiding so the codes would not fall into someone else's hands; say, those of the GKChP-ists. It was not ruled out that someone (for example, members of our army intelligence or someone else) tried to assist him in this. However, where was he? In the Belbek mountains? Or even somewhere at an altogether different location? What would he do with the attache case? Was he in control of the case? Generally, could the emotional experience have affected this fellow's mind?

"This version smoothly grew into a third one, according to which the 'briefcase' did, after all, go through or had already ended up in somebody's entirely improper hands...."

This was a long article and it does not appear possible to present all the "facts" which the author uses. Let us only stress that the account in the article is treated as the ultimate truth, whereas individuals who figured in this captivating narration are known to the entire world. This is why such publications undoubtedly are a stronger influence on the minds and hearts of common citizens than unsubstantiated assurances of complete security which are heard from the corridors of power from time to time.

However, actual events which involved the "nuclear attache case" of the president bear little resemblance to stories about James Bond or our Stierlitz. There were neither daring chases nor self-sacrificing self-liquidations nor intricate escapes. Nothing heroic or romantic at all happened on that Sunday in August when the "Zarya" installation was suddenly cut off from the world.

On his vacation trip, Gorbachev was accompanied by nine military men from the General Staff: three communications officers from the special operations and technical directorate—Majors V. Manuilov and S. Solomatov and Captain V. Mironov—and six members of the Ninth Directorate of the General Staff, a subdivision which provided an opportunity for the USSR president to control strategic nuclear forces in an emergency situation, during a sudden massive strike by the enemy—Colonels V. Vasilyev, L. Aleshin, V. Ryndin, and V. Rozhkov, and Lieutenant Colonels V. Kirillov and I. Antipov.

Vasilyev was chief of the group. Three people at a time went on duty—two officer-operators and a communications officer. A duty shift lasted one day, and began at

0900 hours. Off-duty officers lived in Alupka, in a military sanatorium. They had neither radio nor television nor telephones there. If necessary, they went to the nursing administrator to make calls; she had a telephone on the city circuit.

The nuclear detail at "Zarya" was located in the so-called guest house about 100 meters away from the presidential quarters. The operators were in one room and the communications specialist in another. Access to the premises was restricted; the doors were always kept shut; on-duty personnel took turns going to eat. The following types of communications were at the disposal of the nuclear detail: special communications; PM [expansion unknown], or as they were previously called, VCh [high-frequency communications]; direct communications to the president and the contingent of guards on duty, as well as ordinary internal communications via three-digit telephones.

The nuclear aides to the president were to obey only his orders. They were not operationally subordinated to the KGB staff, but coordinated actions in the dacha compound with them. Of course, their entry and exit were controlled by the guards.

On 18 August 1991 operator-officers V. Kirillov and I. Antipov and communications specialist V. Mironov were on duty at the presidential dacha. Lieutenant Colonel Vladimir Aleksandrovich Kirillov was in charge of the shift. At 1632 hours the operator-officers learned from special emergency signals of their equipment that all types of communications on their premises were cut off. The TV screen also went blank. Only voice radio, which connected the nuclear detail to the special switchboard of the government communications center in Mukhalatka, was operational. Kirillov called them and asked to be put through to his command in Moscow. However, they answered that they had no contact with anybody. At 1635 hours Mironov, a communications specialist on duty with the shift, reported to Kirillov that in response to his question about the reason for the absence of communications, an answer with no comment came from Mukhalatka: "An accident."

Here is what Kirillov said about later events on that day:

"...At approximately 1640 hours Generalov knocked on the door of our room. We opened the door and he announced that General Varennikov wanted to see the person in charge. Since I was in charge, I went, along with Generalov, to Varennikov, who was in the hall. Besides him, there were Plekhanov, Baklanov, and about five other people whom I did not know.

"Varennikov asked me about the condition of our communications center. I answered that we had no communications, to which he said that this was the way it ought to be, and that the communications center should be shut down. I asked Varennikov how long this would last and he said it would be a day. He said at the time that the president was aware of everything.

"Following this conversation, they stood up and went toward the house where the president was, while we continued to work on restoring communications and tried to get through to Moscow, but nothing worked out. After 1700 hours the special switching center in Mukhalatka stopped responding altogether. I approached the guard and asked whether they had contact and what was going on. However, they answered that they had no contact and they did not know what was happening.

"At approximately 1715 hours I went to Plekhanov with the same questions, but he responded: 'This does not concern you, continue working.' At that time, I checked out the direct line to the president but it was down too. At about 1720 or 1725 hours all individuals who had arrived at the dacha left, and only Generalov remained. At about 1900 hours he came up to me and said that all security issues should be resolved through him. I asked for a meeting with the chief of our group, Vasilyev, but Generalov responded that this was impossible, and if Vasilyev were to enter the compound of the dacha he would not be able to leave...."

Since nothing noteworthy happened to the nuclear aides to the president until next morning, let us leave Foros and move to Moscow in order to find out how they responded to this extraordinary situation at the Ninth Sector [napravleniye] of the General Staff of the USSR Armed Forces, which, as we have already mentioned, was to provide the opportunity for the president to control strategic nuclear forces in an emergency situation.

Judging by the testimony of the chief of this super-important subdivision, Viktor Ivanovich Boldyrev, the events not only failed to inspire "a 10-hour mad race after the nuclear locks" on the part of the staff generals, but on the whole did not cause any particular excitement. However, let us hear from Boldyrev himself.

"...On 18 August 1991, after 1700 hours—I cannot give a more precise time—I learned from a report of the main switching center of the system that contact with the duty shift of the USSR president was lost at 1632 hours. I was told that the reason was unknown at that time, but it was being established.

"On the following day, 19 August, at 0745 hours, the officer of the day, I do know remember precisely whether it was Potapov or Peregudov, reported that damage done to a cable by a landslide 1.5 kilometers away from Foros was the reason for the loss of contact. Before coming to work, I learned from the radio that the GKChP, about whose preparation and formation I knew nothing, was operating in the country. Then I understood what kind of landslide it was that damaged the communications cable."

For one to wonder about this protracted tranquility of the general one should know what he knew:

"...The control system of the strategic nuclear forces provides for the presence, within the system, of the

subscriber sets [abonentskiye komplekty] of the USSR president, the USSR minister of defense, and the chief of the USSR Armed Forces General Staff, which are linked through a control center....

"...when the subscriber set of the USSR president is disconnected from the control center, the entire system of control of the strategic nuclear forces is destroyed because without the USSR president's set, control is impossible."

Therefore, the USSR president was deprived of the opportunity to control the strategic nuclear forces by using the special automatic control system from 1632 hours on 18 August 1991 on....

However, only at 0800 hours on 19 August did the chief of the nuclear detail begin to make attempts to figure out what was happening.

"...Having understood what happened, I tried to get through to the shift on duty in Foros, but succeeded only in calling the department of government communications in Yalta. In Yalta they refused to put me through to my personnel on duty, saying that the line was down. This is why I could not clarify the situation which had developed around the USSR president. At 0830 hours I was summoned by the chief of the Main Operations Directorate of the USSR Armed Forces General Staff, V.G. Denisov, who ordered me to evacuate the subscriber set of the president and the group of officers who service it to Moscow. To this, I told Denisov that I did not have contact with the group...."

Meanwhile, in Foros the head of Colonel Viktor Tikhonovich Vasilyev, chief of the group of nuclear aides to the president, was spinning because of the unexpected turn of events. On 19 August he was to accompany Gorbachev to Moscow, to the signing of the Union Treaty. This is why he arrived at the presidential dacha ahead of time in order to relieve the personnel on duty and prepare for the flight. Officers from the next shift went with him.

Vasilyev recalls: "...At about 0800 hours on 19 August, we drove up to the post of the perimeter guard. The gates were closed and guarded by people wearing uniforms of the Border Guard Troops. A senior lieutenant approached us. We explained to him who we were, and showed our passes. He copied down our surnames, made sure of our names and patronymics, and went away.

"Then a colonel came to see us, likewise of the border guard, and said that our passes were not valid and that Generalov resolved all issues. The others and I brought up the question of what had happened, to which the colonel responded: 'You have to listen to the radio.' After all, we knew nothing because we did not have either radio or TV at the sanatorium.

"At that point, the colonel, who saw that we indeed knew nothing, brought a transistor radio to us from the guards' house. We heard The Address to the Soviet People and

understood that something not quite explicable had happened because they broadcast on the radio that Gorbachev's health was bad and that he could not discharge the responsibilities of president. Meanwhile, all of us knew that M.S. Gorbachev was healthy and was to fly to Moscow that day because the flight was neither canceled nor postponed.

"We awaited an answer, or rather Generalov's decision, for more than an hour, and learned about it from the same colonel. He passed word to us that there was to be no change of shifts, that orders were not to let anybody through, and that we should go to the place of our permanent deployment, i.e. to Alupka. We returned to the sanatorium...."

Therefore, the KGB general gave the "about-face, march!" command to the chief of the nuclear detail, and the latter obeyed without a murmur. Actually, a different response could not have been expected of him. After all, he was not a James Bond or some kind of kamikaze, but rather Colonel Vasilyev, a disciplined military specialist. This is why he did not have to be told about subordination and that there were higher-up chiefs in Moscow, and that if anything were wrong, the generals of the General Staff could take it up with the KGB man Generalov.

They indeed took it up, and without any affectation to boot, thus proving that the KGB and the General Staff did not have any rationale for getting into a "mad chase after nuclear locks," to say nothing about having their people jump one another from an ambush.

Having learned from Chief of the Ninth Directorate Boldyrev that he had no contact with the nuclear detail of the president, the chief of the Main Operations Directorate of the General Staff, Denisov, picked up the phone right away and made a call, after which he gave Boldyrev a phone number at which he would be "allowed to get in touch with the group." Kryuchkov's deputy Ageyev was the one doing the "allowing." On his order, the "magic" phones of the KGB began operating; Vasilyev was located at the sanatorium and told to go to Yalta, to the department of government communications, where he called Boldyrev.

Boldyrev passed Denisov's order on to Vasilyev: "To assemble all officers in Yalta and to be ready to depart for the Belbek airport where a plane will be awaiting them." Vasilyev responded that he could not remove the shift from the presidential dacha. Boldyrev called Denisov again. The latter assured him that everything would be fine, and ordered him to merely give a list of the officers who were to fly to Moscow from Foros to Chief of Air Defense Maltsev.

Indeed, the lot of the shift on duty which was locked up at the presidential dacha became clear as early as noon.

Antipov recalls: "...At about 1300 hours Generalov walked in and said that we should not worry, that everything would be all right, and that we should get our

equipment together, it would still be useful, and that there was an order by Boldyrev and Denisov for us to fly to Moscow.

"At about 1400 hours the checkpoint informed us that Vasilyev had arrived.... We were taken to the checkpoint by a KGB car, Vasilyev waited for us on the other side of the gate. He confirmed that there was an order by Denisov, through Boldyrev, for us to leave. We carried our equipment to the RAF [van] in which Vasilyev had arrived and headed for the communication specialists who were at the special switchboard in Mukhalatka, picked them up, and then went to Alupka, picked up those who were there, and then all of us went to the Belbek airport together...."

At 1940 hours the full complement of the nuclear detail flew to Moscow on the president's plane and took along his subscriber set which was rendered inoperable by way of erasing its magnetic memory. At Vnukovo-2 the officers turned in their weapons and equipment to the representatives of the General Staff who met them, and were then taken home, with the exception of Vasilyev, who, as the one in charge of the group, went to make a report to his superiors.

The truly mundane simplicity with which the president, the supreme commander of the Armed Forces, was deprived of control over the strategic super weapons testifies irrefutably to the fact that he never actually owned the nuclear button. The control of the nuclear forces was entirely in the hands of the top brass of the army and KGB generals.

Meanwhile, both the world community and the president were assured in every way possible that the "nuclear fist" would not strike a blow, and that the entire system of control of the nuclear strategic forces "Kazbek" was married [zamknut] to the president's subscriber set, which was so designed that even if it were to fall into someone else's hands, the malefactors would not succeed in making use of it, and that in the event it was disconnected from the system, the latter would be completely paralyzed.

Let us recall, however, the assertion of Chief of the General Staff Moiseyev which was quoted in the beginning of this chapter to the effect that he was the only person who controlled the strategic nuclear forces in the days of the putsch, and let us confront them with the testimony of Yuriy Dmitriyevich Maslyukov, who was chairman of the State Ministry-Industrial Commission of the USSR Cabinet of Ministers for a long time and belonged to the Defense Council of the country. When interrogated as a witness, he responded as follows to the question of whether a retaliatory nuclear strike would take place if the USSR president were deprived of an opportunity to gain access to the "Kazbek" system:

"The equipment of the combat command system makes it possible to deliver a retaliatory nuclear strike according to an operational procedure determined by the USSR Armed Forces General Staff. The procedure in

question is not known to me. In other words, if there is no response concerning receipt of a signal by the president or the minister of defense, or if there is no contact, then the technical possibility to deliver a retaliatory nuclear strike does exist...."

Indeed, it was possible to "strike," and not necessarily in retaliation, even without the president. This is why the loss of contact with the president's nuclear detail did not elicit any particular emotion at the General Staff. There, they knew the true value of the "attache case."

Indications of Formation of Powerful Left, Center-Left Bloc

924C2150A Moscow ROSSIYSKIYE VESTI in Russian
4 Aug 92 p 2

[Unattributed article: "Politics. Left-Center Unites"]

[Text] Events of the past week show the formation of a powerful left and left-centrist opposition.

Sociological studies indicate that the "degree" of support is highest among experienced production workers and businessmen, and not simply democrats. And therefore the greatest chances of success lie with the political force which is able, as it were, to "feed the people."

The "pragmatic" opposition exists in the power field of the "Citizens Alliance" and the Economic Freedom Party, on whose initiative the Council of Constructive Forces was created. It is quite symptomatic that in his recent news conference Vladimir Bukovskiy stated that he sees in the Economic Freedom Party the beginnings of a serious opposition structure.

Abundant food for thought is also provided by the circumstance that the closed meeting of the political council of the DPR [Democratic Party of Russia] took place a couple of days ago in the building of the Gorbachev Fund. This is hardly the first time this building has housed a meeting of the leadership of a party which belongs to one of the most influential political blocs. Has Gorbachev really become a member of the opposition as well?

RCDM Official Condemns Intrusion of Non-Orthodox Religions

924C2150B Moscow NEZAVISIMAYA GAZETA
in Russian 5 Aug 92 p 2

[Article by D.Sh.: "Briefly. RCDM—About-Face"]

[Text] The chairman of the executive committee of the Moscow organization of the Russian Christian Democratic Movement, V.V. Selivanov, sent the Moscow Patriarchate a letter which begins with the following words: "In recent months forces hostile to Russia in our country have been conducting a mass campaign to sway the population in the spirit of Catholicism, Protestantism, and occultism." And the missive ends thus:

"...The foul deeds of the destroyers of the Orthodox faith will be stopped with renewed spirit by the true patriots of Russia."

The style and content of the letter need no special commentary. One can only draw the conclusion that following their leader, Viktor Aksyuchits, the people who have declared themselves Christian Democrats are moving into the ranks of the communist patriots, who are extremely concerned about the purity of Orthodoxy and the intrigues of the Vatican, Protestants, and the Krishna-ites.

Radical Democrat Splinter Groups Join Opposition

924C2150C Moscow ROSSIYSKIYE VESTI in Russian
28 Jul 92 p 1

[Article by Lyubov Tsukanova: "'It is Immoral for Reform Opponents to Conduct a Reform'—So Think the Radical Democrats"]

[Text] Only a month ago Democratic Russia rallied about 40 parties and organizations which announced the creation of a political bloc of advocates of reforms, unequivocally declaring their support for the president and the government. At the end of last week Democratic Russia split apart again: The radical democratic wing separated from the movement; it had never intended to identify itself with the policy being conducted by the present powers.

Marina Salye, leader of the radical movement within Democratic Russia, explained the need for a "radical revision" of the movement's policy and practice by the departure of the president and the current makeup of his government from the course of reform and the reliance of the "democratic" power today on the old party-economic nomenklatura. What previously seemed to be a weakness of the new regime (its inability to change the alignment of forces in the provinces, where the people at the helm were the same ones who were in charge of "perestroika" and are now resisting the reforms), has now been declared as a deliberate policy aimed at legitimization of the nomenklatura's right to own property and the desire of the second and third echelons of the party-state nomenklatura to restore its dictatorship in the form of a financial-bureaucratic oligarchy. To support this party means to discredit democratic ideals in the eyes of the people.

The ideological inconsistency between the radical part of Democratic Russia and its "orthodox" leadership (Ponomarev, Yakunin), which supports the idea of a "strong presidential hand," was noted long ago. Now there has been an organizational separation as well. At first glance, as with any split, this action should lead to a weakening of the democratic movement. But in fact there has been a regrouping of forces. As a result, another political niche has been filled—opposition with a democratic bent has appeared. Under current conditions, when the power has been seized by the "support group" in the form of the

pro-government bloc of supporters of reforms, a liberal opposition is undoubtedly a positive phenomenon. Now we have everything we are supposed to have in a civilized society: a "party in power" (although it is difficult to say who has more of a right to call themselves that—the "proponents of reforms" or the "Citizens Alliance"), an "uncompromising opposition" of communists and national-patriots, and from now on—a radical-democratic opposition, which is also the liberal opposition (given the instability of the terminology). Its purpose is to oppose the character of the reforms which actually exist and to defend the transformations which have been conceived and proclaimed. These are, above all, a radical land reform, denationalization of industry, and constitutional, judicial, and military reforms.

Will the new organization receive any appreciable support? It undoubtedly has supporters in the localities, where the profanation of the reforms is especially apparent, where, as one delegate said, "the old bosses are sitting under new tricolor flags and portraits of Lenin." But a mass movement is hardly possible—it seems that the people do not believe in either the democrats or the reforms. We shall give due credit to the "nomenklatura democracy" which is in power now—it has been very successful at depoliticizing the society.

FITUR Moves Toward Creating 'Labor Party'

924C2125A Moscow NEZAVISIMAYA GAZETA
in Russian 6 Aug 92 p 2

[Article by Anna Ostapchuk: "FITUR Decided To Create Its Own Party in Order To Engage Its Politically Active Members"]

[Text]

Trade Unions

The Federation of Independent Trade Unions of Russia (FITUR) took a sociological poll among its own members and ascertained that only 6.5 percent of the 7.5 million who were polled in 39 regions of Russia were prepared to respond to a call to go on strike. Although this figure is relatively high, Igor Klochkov, the chairman of the federation, declared that there is no reason today to talk about a specific date for mass demonstrations, and he refuted information that FITUR is ready to take part in the conducting of a one-day strike on 7 September, which the leaders of the All-Russian Labor Conference are preparing.

By autumn of last year, FITUR had worked out a strategy of "critical support" of the government. However, the swift development of events confronted the leaders of the federation with a dilemma: Either FITUR will disperse from above (after the CPSU, it remains the richest organization in the country, and, consequently, the next candidate for "dispossession"), or the federation will "bleed to death," finally losing popularity among the people, and its millions of members, together

with its former influence. The second evil was considered great, and the leadership chose the populist line. From this stems the support of all professional and regional appearances. This policy helped create a picture of the FITUR as a real and massive organization.

It is probably for this reason that the most diverse political forces have been showing a noticeable interest in it of late. The results of collaboration with state enterprises have proved to be relatively successful. The FITUR leaders found a common language with them while working jointly on the Russian trilateral commission for settling labor disputes. In July, the FITUR and industrialists, most of all the Revival union and its leader, Arkadiy Volskiy, established the Assembly of Social Partnership. To a certain degree, this was dictated by the low effectiveness of the native tripartite model that was implemented by the trilateral commission: Neither the government nor the trade union had mechanisms for implementing agreements. But on 30 July, Igor Klochkov took part in the first meeting of the soviet of constructive forces "imeni" Konstantin Borovoy. However, it is hardly likely that a real alliance is possible here. As was noted by NEZAVISIMAYA GAZETA correspondent Vladimir Kuzmenok, deputy chairman of the FITUR, "Borovoy has the image of a very wealthy person. But this is not to the liking of our members." According to Kuzmenok's testimony, fairly good relations are being established by the federation with the Republican Party, "but contacts are extremely modest with both Anpilov and with Burbulis."

Heightened attention on the part of serious politicians to the "official trade unions" is explained, apparently, by two basic factors: the government's noticeable loss of public support and, in this connection, the expectation of the parties to acquire an ally with whose assistance it will be possible to threaten the government with a strike.

However, in the final analysis, FITUR decided not to restrict itself to the role of a "trailer" in the political games, but to start its own party. Vladimir Kuzmenok commented on the situation this way: "We analyzed the entire spectrum of parties—they have tactics and a strategy, but there is no objective. Our objective will be the abolition of hired labor. In addition, we have an indisputable advantage—mass, 65 million, and the majority of the current parties with several dozens of thousands of participants."

But, of course, even the trade union leaders understand now that many of their members are kept in the union by inertia—dues are collected automatically—and they expect a mass exodus in the near future; however, they hope that they will remain politically active people whose potential has not yet been claimed by anyone. But the main thing is that the entire bureaucratic apparatus, accounts, and premises will be preserved. "We will wait until a new infusion begins. That is the way it has already been in Poland. Society is so destroyed that the trade unions were left, perhaps, as the last mass organization."

The present party construction of the FITUR is expected to start in autumn, in order to approach the elections fully armed. The federation leaders themselves think that they are in a winning position in comparison with other party organizers: They have a "basic component"—the initiative committee of the Labor Party (PT), which has been operating since autumn of last year. The committee now includes several socialists and anarchist-syndicalists.

In connection with the new situation, the Labor Party ideologists are full of optimism. One of them, Boris Kagarlitskiy, even thinks that, "if we disengage ourselves from reality entirely—from the economic crash and the disintegration of Russia—then we are heading for a two-party system. A civic union, conditionally speaking, can serve as a prototype conservative party, and the Labor Party—as the laborite party."

PES Seeks Freedom for Those Convicted of Illegal Economic Activities

924C2149A Moscow NEZAVISIMAYA GAZETA
in Russian 5 Aug 92 p 6

[Article by Yuliya Goryacheva: "Human Rights. Amnesty for Those Convicted of Illegal Economic Activities. The Economic Freedom Party Insists on a Revision of the Criminal Code"]

[Text] The Economic Freedom Party (PES) has disseminated a report saying that workers of the three legal committees of the Supreme Soviet of Russia intend to demand money from business people for financing the activity of the special parliamentary commission which is charged with examining the cases of individuals convicted of so-called economic crimes. But the very possibility of creating such a commission was refuted by Sergey Kovalev, chairman of the Human Rights Committee of the Supreme Soviet of the Russian Federation.

The aforementioned announcement of the PES was made soon after the proclamation of the presidential ukase on amnesty. Its authors, referring to the fact that independent entrepreneurs did not come under the amnesty, declared that the current Russian deputies and their legal advisers are striving to keep the "punitive base of their monopolistic power in the economy" intact. The style of the entire announcement is pervaded by a revolutionary fervor, which obviously shows a good deal of civic courage on the part of its authors. As for the analysis of the actual situation, the champions of the rights of those convicted of economic crimes did not even give any statistical data. But the spread of the figures in expert estimates of the number of people convicted of economic crimes who are behind bars is very broad—from 15,000 to 127,000. Incidentally, regardless of the number of prisoners, the advocates of their immediate release are not likely to succeed in getting another amnesty in the near future. Not to mention individual releases. But observers allow as how

Borovoy's energetic party will ultimately succeed in attracting the attention of the authorities to the fate of the arrested entrepreneurs.

But Konstantin Borovoy assured a NEZAVISIMAYA GAZETA correspondent that his party "does not intend to ransom or kidnap from the camps the individuals convicted of so-called economic crimes."

"Our primary task is to achieve a radical revision of the current Criminal Code of Russia, which would automatically mean the release of the business executives," he said.

It is known that the participation of members of the PES in the destinies of the business executives convicted on "trumped-up charges" found support from Larisa Bogoraz, cochairman of the Moscow Helsinki Group and the most respected and consistent advocate of the idea of protection of human rights. To be sure, in a conversation with a NEZAVISIMAYA GAZETA correspondent she considered it necessary to stipulate that with respect to the PES her position is mainly that of an observer.

"It is no secret," said Bogoraz, "that the subject of human rights protection has become an object of speculation recently. Frequently it is nothing more than a smoke screen for satisfying purely political ambitions."

At the same time the cochairman of the Moscow Helsinki Group, like the PES activists, is convinced of the urgent need to submit a petition to the Procurator of Russia for a review of the cases of the individuals convicted of hard currency operations.

Referring to the law recently adopted by the Supreme Soviet of Russia, "On Currency Regulation and Currency Control," which actually permits above-board trade in currency, Larisa Bogoraz told the NEZAVISIMAYA GAZETA correspondent that she regards the inaction of the Russian authorities with respect to those who are sitting behind bars for currency operations as nothing other than a crime.

Equal Status of Regional Entities To Be Reflected in Constitutions

*924C2149B Moscow NEZAVISIMAYA GAZETA
in Russian 5 Aug 92 p 2*

[Article by Vladimir Todres: "Constitutional Rallies. The Provinces. Krays and Oblasts Write Their Own Basic Laws in a Race With the Federation"]

[Text] Having returned to personal management of his team of planners, Boris Yeltsin has definitely accelerated the appearance of the new republic Constitution. This seems very timely: not only because the war with parliament and the congress, according to unspecified rules, could not continue forever, but also because the time advantage gained in April was melting away for good. Fairly quickly the federal draft of the Basic Law could

feel its lesser but very lively brothers from the Russian regions breathing down its neck.

Their appearance was predetermined as early as the end of March when the Federation Treaty recognized that all subjects of the Russian Federation have the same state-legal status. The Russian Federation—that is, the krays and oblasts—from now on are in no way inferior to the former autonomous entities. The official name—"State Charter of the Oblast" (or, correspondingly, kray)—changes essentially nothing: The provincial leaders themselves say that the charters should play the role of "local constitutions" and become the basis for the creation of a "local rule-of-law space" (namely—with their own laws published by the local authorities to resolve local problems).

The first such law has already been developed in Irkutsk Oblast and, as the vice speaker of the Chamber of Nationalities, Vitaliy Syrovatko, said, it will most likely be used as a model for the so-called "standard charter." After its approval by the Supreme Soviet, each oblast will glean from this the text of a document it finds suitable, which the presidium of the Supreme Soviet will register if it contains no contradictions with the federal Constitution.

Understandably, there will be nothing sensational in the texts of the charters. The first article of the Irkutsk draft says that "the oblast is an inseparable constituent part of Russia and has...the status of a territorial subject of the Russian Federation." But it seems that these codes are the more interesting in that they inherently lack linguistic, ethnic, religious, etc. declarations of a "liberating nature": The relations between the outskirts and the capital in the case of the Russian provinces (whose role will ultimately be the decisive one for the future of the Federation) are free of the ethnic blinders that were inherent in the former autonomous entities and reveal the economic essence of what is taking place.

As Irkutsk Oblast Soviet Chairman Viktor Ignatenko says, The most significant differences between the Center and the local authorities lie in their views of property and the use of nature. The oblast establishment, which developed the draft charter, thinks that "the question of ownership and the use and disposal of the land, minerals, water, timber, and other natural resources from the territory of the oblast are regulated by the Fundamentals of Legislation of the Russian Federation and legal acts of the oblast soviet." Well, so far the Fundamentals of Legislation, which are intended to limit the sphere of individual and joint jurisdiction of the capital and provincial leaders, have not been adopted, and "the oblast soviet has the right to exercise its own legal regulation regarding these issues." As for purely federal property, it will be determined "according to mutual agreement."

It is fairly clear what the people in the regions are driving at in their negotiations: The ink had not even dried on the signatures on the Federation Treaty before it became

clear that again "all animals are equal but some are more equal than others": Bashkiria and Yakutia achieved special conditions for themselves, which were registered in the "Yeltsin-Rakhimov" and "Yeltsin-Nikolayev" protocols. So when the "helmsman" of the constitutional process, Oleg Rummyantsev, states that, "a result of the Federation Treaty will be a series of bilateral treaties that redistribute the power but this will merely demonstrate the flexibility and sturdiness of the Federation," it seems that he does not really believe his own words. Viktor Ignatenko, referring to the experience of the distant Bashkirs and the neighboring Yakuts, suggests assigning him a percentage of the taxes collected for the oblast treasury which he will have to transfer to the capital, but he refuses to recognize this as a transition to a single-channel system: "As distinct from Yakutia, we are prepared to make all the payments required for federal needs." But the acting head of the administration, Vladimir Yakovenko, cautiously but gravely notes that the neighboring Yakutia and Buryatia "received their minerals as their exclusive property."

Incidentally, it will be necessary to divide up not only the minerals but also some things on the earth's surface, and the consequences of this division are also of no small importance: In Yakovenko's opinion, "the state privatization program should apply only to federal property. And for local property—we will determine this policy for ourselves." Incidentally, this policy has already begun to take shape without waiting for decisions from the administration, and these stories, it seems, will become the stuff of Baykal legend. For example, this one: The Radian plant (which produces radio equipment) decided to change over to leasing with the right to buy, and 49 managers took all responsibility with the consent of a collective of 5,000 (who decided to remain hired workers). Sooner or later the entire sum will be paid, and the bosses, who have happily avoided all competitive auctions arranged in the capitals, will receive as their own property 100 percent of the shares in a still profitable enterprise. Anatoliy Pomigalov, who is responsible for the economic reform in the oblast administration, tells this story with pride in the "giant steps" in privatization and adds that the future of the oblast "of course, will be with holding companies, which will preserve productions which have already been set up."

By the way, one must be fair—it is not by accident that the charter developed in the oblast is intended to be the standard, and not simply because it was the first to appear: In spite of all that was said above, in Irkutsk they are fairly loyal to the policy coming from the capital. There are many reasons for this: its traditional position of "Russian outpost" wedged in on the map between the "obstinate independents" of Tuva, Buryatia, and Yakutia, and its potential for breaking off into its own territory: One of the three fragments of the Buryat-Mongolian ASSR, which was divided up in the thirties—Ust-Orda Autonomous Okrug—is a part of the oblast. And, finally, there is its fairly stable economic position: In the opinion of oblast soviet chairman Ignatenko, the

oblast will find it easier even to execute the law on bankruptcy than will its "already completely" militarized neighbors, Krasnoyarsk and Novosibirsk. "Our plants are being reoriented to the foreign market: We are already selling aluminum to 17 countries, and our SU-27—through Moscow—is selling well abroad. Although, of course, there is Angarsk—here you cannot avoid bankruptcy..."—Ignatenko stops short, although everyone in the Baykal area—from the snot-nosed kid to the president's representative—knows: One of the largest plants in Angarsk produced military nuclear warheads.

It is possible, however, that having taken up the federal Constitution, Boris Yeltsin intends to reinforce his own positions by legally "smothering" the congress and in some way neutralizing the Supreme Soviet as well as by creating a strong vertical organization of the executive power not only in the Center but also in the provinces. In this case it will be necessary to "purge" the local "Basic law" even of the loyal Irkutsk residents, not to mention, for example, the much more willful Far Easterners who, as NEZAVISIMAYA GAZETA knows, are also close to completing their own draft. Incidentally, this Moscow maneuver could make the regions react in a slightly inadequate way to the capital's expectations: Gorbachev's rule showed that the weaker the central power seems to be, with its shouts being all the more threatening, the less willingness there is not only to obey but even simply to listen.

Polls Assess Situation in Country, Support for Government

924C2198A Moscow NEZAVISIMAYA GAZETA
in Russian 8 Aug 92 p 2

[Article by Andrey Zdravomyslov: "The Government Can Count on the Firm Support of One-Tenth of the Population: But the Majority Have Still Not Taken a Position"]

[Text]

Assessments of the Situation and Alternative Possibilities of Development

As a study conducted by the Russian Independent Institute for Social and Nationality Problems in April 1992 on the eve of the Sixth Congress of People's Deputies (methods devised by A.G. Zdravomyslov, M. K. Gorshkov and D. E. Sheregi; calculated on the basis of a representative sample of the adult population of Russia by V. Cherednichenko. Verification of representative nature indicates the high reliability of the data obtained), the situation in all regions of the country proved less dramatic than one might have expected by relying solely on information in the mass media. Thus, in the case of a general assessment of "how life is shaping up as a whole":

—13 percent of the total number of those surveyed said "Good"; 63 percent said "Tolerably"; 15 percent said "Badly"; 3 percent said "Intolerably"; and 6 percent did not reply.

In combining the last two groups, one may say that nearly one-fifth of the population (from 16 percent in Stavropol and Vladivostok to 23 percent in Kemerovo) assessed their situation in mid-spring as grave or extremely grave, but contrasted to them were nearly 77 percent who either viewed life optimistically (13 percent) or regarded the situation as tolerable.

That is if one is speaking about the assessment of people's own situations. In that connection all the data proved fairly stable. Approximately 75 percent assessed their housing situation as good (25 percent) or tolerable (49 percent). The same terms were used in assessing their material situation by a little more than 55 percent of those surveyed, although in this case "tolerable" (48.1 percent) considerably outweighed "good" (5.3 percent).

Assessment of the situation in the country was another matter—it was far from identical to people's assessment of their own situations. Only 3 percent spoke of that situation as ordinary, while the rest characterized it as follows:

—33 percent as alarming or close to a crisis;

—60 percent as a crisis or disastrous.

The difference in assessments of people's personal situations and the situation in the country merits special attention and independent analysis (Table 1).

Table 1

Assessment of the Situation in the Country and of Own Situation

(in percentages of total number questioned)

Region	Situation in country disastrous	Life as a whole shaping up badly
Voronezh	41	17
Moscow	36	20
Kemerovo	34	23
Kaliningrad	33	21
Tver	30	20
Stavropol	29	16
Sykt'yvkar	26	22
Yekaterinburg	24	20
Vladivostok	20	16
Naberezhnyye Chelny	15	17

A special analysis shows that the connection between people's assessment of the situation in the country and assessment of their own lives is very weak. In most cases people's personal situation is assessed more favorably.

That may indicate that the crisis is only beginning, and for that reason it has not yet affected people's personal interests too fundamentally.

However, there is a crisis. And a question arises: What are the prospects for the future? It seems to us that there are three main possibilities for the course of events.

The first possibility is that the population will reach the limit of its patience. A sharp drop in the percentage of those who consider the situation tolerable might be taken as an indicator of this. In that case all the conflicts that have manifested themselves and are already smoldering in society would become exacerbated. Ungovernability and the spontaneous mounting of tension could result in a flare-up at any tension point. For example, the delayed shipment of foodstuffs and clashes in queues might result in mass attacks on stores, food warehouses and administrative centers. In the course of these disturbances, blood would be shed during attempts to control crowds. On this basis, it is perfectly possible that democratic phraseology would come to an end, and a strong-hand regime, martial law, a state of emergency, or something of that sort might be established.

The second possibility for the course of events is that the population will find more and more new means of adapting to the general deteriorating situation. The nonpayments crisis in the economy will result in a further decline in production, unemployment will begin, and the prices of food and other services will jump another severalfold. Anarchy will continue to mount in all areas of life.

Evidently, this possibility of slow stagnation, a condition which society has already entered, will continue for several years, and in the final analysis it will still result in violence, which will be used in an attempt to restore production activity and provide for the creation of consumer resources.

Finally, the third possibility for the development of events is associated with the possibility that the forces of recovery that are directed toward the creation of market structures and market economy will gain ascendancy in society. In other words, the reform government will be able to implement its policy. In that case, the economy will go through several phases, some of which are connected with cataclysms.

Rapid privatization will mean a rise in unemployment, but that is the only basis on which a structural reorganization of the economy is possible. According to the testimony of experts, the social and economic crisis has not yet reached the lowest point. However, it is perfectly possible that that point will be passed in 1992, and the reform government's promises will to some extent be realized before the public reaches the end of its patience.

Changes in the Situation and New Chances

It is important to know how thick the stratum is that is supporting the government under the conditions of crisis. Can new resources for stabilization be sought?

What changes are taking place in the public mind?

Fifty-six percent of those surveyed stated that: "The changes that are occurring have had a very great impact on me"; 33 percent said: "The changes have affected me, but I would not say very seriously so"; and only 8 percent noted: "Changes may be occurring somewhere, but they have not yet affected me personally"; 3 percent did not respond to this question.

Of those who assessed the changes positively, 22 percent noted that their own and their families' incomes had increased recently; 18 percent said that their qualifications had begun to be assessed for their true worth; 18 percent said: "I have become my own boss"; and 23 percent stated: "Life has become fuller and more interesting."

Of course, the percentage of those who took a negative view of what is occurring was much higher:

Fifty-two percent of the total number of those surveyed said that "a threat has arisen of being left without work"; 53 percent noted that "hopes for the improvement of housing conditions have disappeared"; 79 percent believed that "a lot of difficulties and unpleasantness have arisen"; and a

comparable number consider it to be a commonly accepted fact that, "There is less order and responsibility, and a less serious attitude toward work. People everywhere are striving to defraud and steal" (only 9.7 percent of those questioned did not agree with this).

In this connection, 77 percent agree with the assertion: "Everything has come to depend on whether you are able to earn money" (10.2 percent disagreed with that).

In the course of the reform, universal human and spiritual values are, one might say, being "squeezed out" of people's minds. On the one hand, changes in social relations are presenting people with new possibilities, but on the other, in the course of the changes one finds a conflict between the ends of the reform and the means of carrying it out. For a substantial part of society, the process of adapting to the new relations is proving very difficult, and for a certain part of it, it is proving simply intolerable.

Thus, as of April 1992, from 8 to 30 percent of the population demonstrated active involvement in the new social relations (Table 2).

Table 2

Extent to which new opportunities are being taken advantage of (percentages)			
At what have you personally succeeded in the new situation	Positive response	Negative response	Indefinite response (no response)
In obtaining a parcel of land that can be used to help provide for myself and my family	32	51	17
In establishing new ties and relations that will be useful	26	57	17
In freeing myself from the constant feeling of dependence on my bosses	23	50	31
In obtaining earnings fully appropriate to my efforts and qualifications	19	59	23
In finding new sources of income and improving my material situation	18	64	18
In becoming a private owner, stockholder, or shareholder in a cooperative	10	78	12
In becoming an entrepreneur, putting money to use, and earning profits	8	79	13

It is noteworthy that almost one-third of those surveyed had a parcel of land and counted on its being a very great help in solving their economic problems. One can say that at present it is precisely these people who have become a kind of stabilizer of the social and political situation: whoever has a plot of land has no time to attend rallies.

On the other hand, an orientation toward farming private plots eventually means the creation of a subsistence economy and, consequently, the degradation of society.

Assessment of the Political and Economic Course

Public opinion is gradually beginning to understand that the authorities are not omnipotent, that they are different, and that extremely complex and, sometimes,

conflictual relations sometimes develop between different structures of authority that stem from their functional differences. Let us first cite base data characterizing the extent of support for the government. The level of support was measured using two questions: the first concerned the assessment of the "actions of the present political authority," and the second asked whether the respondent believed that "the economic reforms that the government is carrying out will rescue the country from crisis and result in an improvement of people's life." Thirty percent of those surveyed gave a strongly negative response to the first question, that is, said that "the political authority is acting to the detriment of Russia's interests." Only 15 percent expressed the belief that "the political authority is acting to the benefit of Russia's

peoples." Overall, positive responses about the reforms were also given by 30 percent ("there is simply no other way; therefore I support the reforms"). The belief that "the present reforms are working to the people's detriment" was expressed by 43 percent.

A comparison of data obtained (see the diagram) shows that when the question of general support for the political

authority is asked, the level of this support is extremely low. When the same question is shifted to the economic plane, the number of supporters rises somewhat. Evidently, the less politicized the formulation of the question is, the higher the level of support that the policy in question receives.

Diagram [pie chart in text is rendered as a table]

	Support	Negative opinion	No opinion
Assessment of the actions of present political authority	15	27	58
Assessment of the possibility of getting out of the crisis with the help of economic reforms	30	43	27

By using the method of logical squaring (imposing two distributions on one another), we find it possible to measure the degree of stability of support for the government's course.

Thus, a little more than 10 percent of the population firmly and consciously supports the government course.

Twenty-one percent equally firmly and consciously takes a stand in opposition to the government's position.

However, the vast majority of the population takes an indefinite stand and, consequently, under any given development of events they may become either opponents or supporters of the government's course. It should

be noted that approximately 5 percent of those questioned held mutually exclusive positions. They represent a stratum of people with contradictory, illogical thinking whose behavior is determined by affective and situational factors.

The firm-support group is approximately equal to the part of the population that has become actively involved in the new forms of life. They are a minority, but the most active and influential minority. The course of reforms will depend in many respects on the degree of cohesiveness of that minority and on how fast it can expand the boundaries of its influence (for the public's assessment of specific government actions, see Table 3).

Table 3

Assessment of Main Areas of the Government's Activity

(in percentage of those surveyed, in order of declining support)

Area	Support	Do not support	Doubt or did not respond
Strengthening of Russia's sovereignty	67	9	24
Reduction of military production	62	15	23
Strengthening of local political authority	62	13	25
Encouragement of entrepreneurship	54	23	23
Privatization of state property	47	23	30
Privatization of housing	46	24	30
Toughening of tax policy	23	50	27
Introduction of uncontrolled prices	22	49	24

Decree on Economic Support for Media

924C2161A Moscow ROSSIYSKIYE VESTI in Russian
15 Aug 92 p 4

["Decree of the Supreme Soviet of the Russian Federation on Economic and Legal Support for the Activity of the Mass Media"]

[Text] In keeping with the instructions of the Sixth Congress of People's Deputies of the Russian Federation, having considered the question of the mass media and taking into account the existing serious problems of legal regulation of mass media activity and also the

importance of the mass media in the formation of public opinion, the Supreme Soviet of the Russian Federation decrees:

1. The Supreme Soviet of the Russian Federation's Committee on the Mass Media, Relations with Public Organizations and Mass Movements of Citizens, and the Study of Public Opinion is to submit to the fifth session of the Supreme Soviet of the Russian Federation a draft law on the organization of activity in the area of radio and television broadcasting.

2. The Supreme Soviet of the Russian Federation's Committee on Legislation is to submit to the fifth session of the Supreme Soviet of the Russian Federation

a draft law on making changes and additions to the RSFSR Criminal Code and the RSFSR Code on Administrative Legal Violations in connection with the adoption of the Russian Federation law "On the Mass Media."

3. To establish for the second half of 1992 the following policy regarding state aid to the mass media:

- the amount of the subsidy from the republic budget of the Russian Federation for printed publications is set in proportion to the results of their subscription campaigns and circulation;
- the amounts of the subsidies for specific publications are determined by the Russian Federation Ministry of the Press and Mass Media in coordination with the Commission for the Budget, Plans, Taxes, and Prices of the Soviet of the Republic of the Supreme Soviet of the Russian Federation and the Supreme Soviet of the Russian Federation's Committee on the Media, Relations with Public Organizations and Mass Movements of Citizens, and the Study of Public Opinion within the limits of the budget allocations allotted for these purposes;
- to deem it expedient to further finance state kray and oblast radio and television organizations from the republic budget of the Russian Federation.

4. To recommend to the organs of power and administration of the republics of the Russian Federation, krais, oblasts, autonomous oblast, autonomous okrugs, and the cities of Moscow and St. Petersburg that they consider and adopt decisions on granting to local state radio and television organizations, editorial offices of newspapers and magazines, state publishing houses that produce literature for state programs, communications enterprises, Roskniga and Rospechat, which distribute the periodical press, benefits similar to the benefits granted to institutions and organizations of culture, including paying for leased buildings and premises.

5. To recommend to the Government of the Russian Federation:

- to develop and, before 1 September 1992, submit to the Supreme Soviet of the Russian Federation a policy for financing regional and republic mass media which envisages direct subsidies from the consolidated budget of the Russian Federation;
- within a month's time to consider the proposals of the Ministry of the Press and Mass Media of the Russian Federation concerning the development of a material and technical base for the branch;
- to envisage in the State Program for Conversion the production of modern printing and radio and television equipment;
- to extend to the Administration for Television and Radio Broadcasting under the Russian Ministry of the Press and Mass Media and state radio and television

organizations under its jurisdiction the decree of the RSFSR Council of Ministers of 2 August 1991 No. 416 "On Supporting the Activity of the All-Russian State Television and Radio Broadcasting Company";

- in conjunction with the State Committee of the Russian Federation for Anti-Monopoly Policy and Support of New Economic Structures and the State Committee of the Russian Federation for Administration of State Property, before October 1992, to develop a program of measures for demonopolization of printing and the delivery of periodical press publications, having envisaged the possibility of equal participation of collectives of editorial offices of the mass media in the privatization of printing enterprises;
- to develop by 1 November 1992 proposals for an additional subsidy for rayon newspapers and also financial and technical support for youth and children's mass media within the limits of budget allocations allotted for these purposes, and submit them for the consideration of the Supreme Soviet of the Russian Federation.

6. Verification of the implementation of the present decree is to be the responsibility of the presidium of the Supreme Soviet of the Russian Federation.

[Signed] Chairman of the Supreme Soviet of the Russian Federation R.I. Khasbulatov

Moscow House of Soviets of Russia 17 July 1992 No. 3335-1

Supreme Soviet Official Discusses Draft Law on Handgun Ownership

924C2113A Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 92 p 2

[Interview with A. Pekhotin, by Vasilii Ustyuzhanin, under rubric: "Problem": "It Smells of Gunpowder: Is a Second Universal Armament of the Nation Necessary?"]

[Text] "The Lord created people large and small, strong and weak, but Samuel Colt (the famous firearms inventor) equalized people's chances," Americans joke. In the United States that joke has acquired constitutional form—it has established the citizens' right to bear arms and to own them to protect their rights and freedoms. Law-abiding Americans have taken complete advantage of that right. Every third out of five U.S. residents has a revolver or pistol for his personal use. The total number of weapons in Americans' hands is more than 200 million (of which 60 million are revolvers and pistols). Of course, the fact that the citizens have weapons does not stop criminals in America, but the rank-and-file American nevertheless feels more confident and calmer when he realizes that he himself is capable of taking a stand for his own honor and dignity. But what is the situation in our country?

The number of firearms in personal use by Russian citizens would seem to be completely sufficient—approximately 2.5 million. But, first of all, they are basically hunting weapons, and, secondly, even if necessary they cannot be used as a means of personal self-defense. Because, for the time being, there is no law in Russia that would establish the citizens' right to use a gun for personal defense. True, there does exist in the UK RSFSR (RSFSR Criminal Code) a norm concerning the citizens' right to self-defense, but there is a very significant stipulation: "In order, at such time, to prevent the exceeding of the necessary defense."

Today the question of the citizens' right to have individual firearms for personal use has apparently gone beyond the category of those worthy of discussion, and has entered the area of those that are practically urgent. The criminal world in democratic Russia, having sensed the critical weakening of the law-enforcement agencies and the liberalism of the laws, has been arming itself actively. The citizens, on the other hand, have been proving more and more frequently to be incapable of defending themselves from the predatory encroachments.

"Our parliamentary Committee on Questions of Legality, Law and Order, and the Fight Against Crime has been literally deluged with letters containing requests for authorization to have a gun," People's Deputy Aleksandr Vasilyevich Pekhotin says. "The people who write are bank employees, salespeople, procurators, entrepreneurs, doctors, taxi drivers, and farmers. It is obvious that the question has become acute. Moreover, I feel that we are a minimum of one or two years late in enacting this law. The committee prepared for discussion at the Supreme Soviet's autumn session a draft law entitled "Individual Firearms." Currently that bill has been sent to the committees and commissions and to the outlying areas for the purpose of making corrections, additions, and comments. But I hope that the draft will not undergo any conceptual changes. It contains ideas that have been developed by world practice with a consideration of our domestic experience."

[V. Ustyuzhanin] The basic content of the discussions comes down to the dilemma—should guns be sold or not sold to private individuals?

[A. Pekhotin] This is an important problem, but it is not the main one. The main one is the need to introduce order into the circulation of firearms. What is happening currently in our country should not be. Guns are being traded actively and almost openly in the black market, making people fabulously rich. Should we take the path of imposing a ban? We've tried that, and it doesn't work. The only thing that rises is the prices of the guns, but not their rate of inaccessibility. I see only one way out—free sale.

[V. Ustyuzhanin] Won't it happen that the element that will be first to take advantage of this right is the criminal world, which has money, connections, and sales channels? So this will only simplify the criminal world's access to guns.

[A. Pekhotin] I don't think so. In America, more than 90 percent of the crimes are committed with the aid of illegally kept weapons. Our criminal is definitely not any nobler than the western criminal. He will also commit crimes with an unregistered gun, because it is easier to cover up one's tracks that way. So the criminal world definitely does not want this law. The law is directed against the criminal world first of all.

[V. Ustyuzhanin] Psychologically most people are not yet ready for the idea of self-armament. The last time that the slogan of the universal arming of the nation was raised was by Lenin in 1917. But at that time he had an underlying ideological reason—the nation itself was supposed to protect the gains of the revolution against foreign intervention and domestic counterrevolution. That historic precedent did not last long—only five or six years. And here we are, decades later, repeating that path. Isn't it fraught with danger? Especially when one considers the growing interethnic conflicts and the increasing political opposition. Even without that, it smells of gunpowder in society.

[A. Pekhotin] Any comparisons are odious, and especially historical ones. Because the law does not pose the task of the universal arming of the nation. What it does regulate clearly and precisely is who can bear arms and who cannot. And what kind of firearm. Yes, if we establish in the law the right of all the citizens of Russia to purchase a live firearm, with our legal nihilism we shall simply convert them into judges and executioners simultaneously. And that will be, believe me, a mass phenomenon—the amount of malice in our society has truly gone over the edge. Therefore we indicate in the draft law that firearms are the most dangerous type of weapon, by virtue of which their circulation has been limited. And the same thing pertains to mechanical weapons. The right to have them will probably be granted first of all to those legal entities whose activities are linked with the presence or use of automatic rifled individual weapons and the ammunition for them. As for gas-powered weapons—pistols, gas-cartridge weapons—it will be possible to purchase them completely freely without any authorizing documents. Those weapons, incidentally, are outwardly completely indistinguishable from a real pistol and can serve as an effective means of self-defense. And let's not be deceived by those hit movies in which people are killed just as easily and as casually as people change their gloves. I have spoken to several American police officials and for them shooting a person is the same kind of psychological problem that it is in our country.

[V. Ustyuzhanin] The draft law does not define the specific professional groups that have been given the right to have firearms. But I know that the people who insist very much on this are my fellow journalists, administrators of local agencies of authority, and deputies.

[A. Pekhotin] Those are specifically the people to whom I would not give this right. I have expressed my opinion against that and I shall continue to do so. If you people were

elected, if you were appointed to state assignments, then would you please be so kind as to guarantee law and order? Not for yourselves personally, but for all the citizens. Why should there be this kind of selectivity? As for journalists, I remember the famous 1983 Geneva convention, which recommends to representatives of the mass media that they refrain, for ethnic reasons, from bearing arms during the execution of their professional duties.

[V. Ustyuzhanin] To whom in the draft law do you refuse the right to purchase weapons?

[A. Pekhotin] As an alternative, a list has been introduced: persons who have been deemed in the legislatively established procedure to be incompetent or who suffer from mental diseases, chronic alcoholism, narcotics addiction (addiction to toxic substances), who are serving an uncompleted sentence, or who regularly violate public order. It is clear that this list will be expanded in the process of discussion.

[V. Ustyuzhanin] In our country, weapons have been produced up until now at industrial enterprises—the state was a monopolist in this sphere. Production of weapons in private workshops was legally banned. Will such production be authorized now? And, in general, will the statute governing privatization extend to weapons enterprises?

[A. Pekhotin] We have written that the issuance of licenses for the industrial production of individual weapons and the ammunition for them lies within the competency of the Russian Federation, that is, the competency of federal agencies, and the issuance of licenses for production in private workshops lies within the competency of the republics, krais, and oblasts making up the Russian Federation. That is, production in private workshops will receive the status of legal production. And that also is reasonable. Because Russia used to have a large number of skilled master gunsmiths and weapons schools. Practically every nation had its own typical, national type of weapon—either “cold” (various kinds of knives, daggers, etc.) or “hot” (firearms). And with regard to privatization I shall say this. In the United States nuclear warheads produced in accordance with state production orders are manufactured by General Motors, a private company. Why can't the Tula Weapons Plant fall under the law governing privatization and become, for example, a joint-stock enterprise? What are we afraid of? Possible violations? I assure you that right now, when there has been no legislative standardization of the interrelations between the enterprises and the state in the sphere of weapons production, there are excellent loopholes for the illegal sale of weapons. But when the weapons enterprises come under the strictest state supervision, when their activities are defined by rigid standards in the law, the probability of such violations will be reduced.

[V. Ustyuzhanin] How will the sales of this dangerous and popular commodity be monitored?

[A. Pekhotin] I would first like to mention the State Weapons Register. All types and modifications of individual weapons manufactured on the territory of Russia, and the ammunition for them, will be entered in that register. That is, there will be no nonsystem production of weapons. I will repeat once again that we are establishing the rigid licensing of weapons production and sales. The draft law contains the norm that circulating a home-made weapon is banned and is persecuted in accordance with the law. State monitoring of weapons production and circulation is carried out by the Russian Government and General Procurator.

[V. Ustyuzhanin] Do you mean that a subdivision that will be specially entrusted with the functions of monitoring and overview will be created under the Government?

[A. Pekhotin] I think that it will be completely indispensable. Although in the draft law we did not define that kind of specific agency, with any precise name. That is within the competency of the Government. But services such as this exist in all the developed countries.

[V. Ustyuzhanin] With the adoption of the law, will a brisk demand for weapons arise in the country?

[A. Pekhotin] I scarcely think so. Because for the majority of people they will be too expensive. The demand will be primarily for the Cheremukha gas-cartridge guns—they are cheaper and also more accessible. Gas pistols already sell quickly at a price of from 4000 to 25,000 rubles. And I am not even talking about live pistols or semiautomatic weapons.

[V. Ustyuzhanin] What do you think will be the Supreme Soviet's reaction to the draft law?

[A. Pekhotin] Most probably the draft law will not acquire any opponents in the person of the deputy corps. The deputies realize that we cannot leave people unprotected. And the criminal world must know that it will no longer be allowed to carry out its will and its illegal actions with impunity. We can continue endlessly to reinforce and arm the law-enforcement agencies, but it is only when the citizens themselves are granted the legislative possibility of defending their rights and freedoms that we will cease walking under a canopy of fear.

ECONOMIC & SOCIAL AFFAIRS

Experts Predict Drop in Ruble Value

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in Russian 11 Aug 92 p 4

[Andrey Pavlov report: “The Currency Prediction for September: 250 Rubles to the Dollar. Most Analysts Do Not Believe in the Government Program for Ruble Convertibility”]

[Text] During the period 27 July through 5 August experts at the OPINIO laboratory of methodological and method problems in studies of public opinion at the

Moscow University imeni Lomonosov conducted a subject poll of 563 respondents for the purpose of making an expert evaluation of the economic situation in the country and of measures to implement the government program to make the ruble convertible. Those polled included economists and people working in banks and financial and economic subdivisions of enterprises and organizations under various kinds of ownership.

As was to be expected, 61 percent of those polled believe that the economic situation in the country will worsen in the immediate future. Here 59 percent consider the state of affairs in the Russian currency market to be an objective reflection of the state of the economy in general.

Evidently the government's imprudent and repeated promises in the spring and summer to achieve "real" exchange rates (30-50-80) for the ruble and dollar, which

have remained just that—good intentions—have undermined trust in the program for ruble convertibility: 53 percent of respondents stated firmly that it will not be fulfilled. Some 57 percent do not believe that the ruble is promising as a monetary unit.

With respect to currency intervention by the Central Bank of Russia as a method of achieving convertibility for the "unpromising" ruble, 47 percent of those polled do not believe it would be successful, while 63 percent are convinced that such measures will have no place in the future.

As can be seen from the table below, respondents were equally unanimous and pessimistic with respect to how they defined the exchange rate for the immediate future (200 to 250 rubles to the dollar). In the opinion of the experts this relationship might have been established already by September. Evidently their judgment starts from the inevitable burst of inflationary expectation connected with the administrative price increase for energy sources.

What Do You Think the Exchange Rate for the Ruble Against the Dollar Will Be in the Immediate Future?

1. Will fall to R200-250 against the dollar	61 percent
2. Will fall but stabilize at R180-200 against the dollar	15 percent
3. Is stabilizing at today's level	10 percent
4. Will rise as the reforms are carried out	8 percent
5. Do not know	6 percent

State of Russian Banking System Analyzed

924A1838C Moscow NEZAVISIMAYA GAZETA
in Russian 15 Aug 92 p 4

[Interview with Olga Prokofyeva, acting director of the Department for the Regulation of the Activity of Commercial Banks, by NEZAVISIMAYA GAZETA correspondent Ivan Storozhev; place and date not given: "The Patience of Clients of Many Banks Saves Their Situation"]

[Text]

[Storozhev] Olga Konstantinovna, how do you evaluate the existing two-level banking system?

[Prokofyeva] When evaluating the existing situation, it should be taken into consideration that only 4 years have passed since the moment of registration of the first commercial bank in the USSR. During that time the number of banks has increased significantly: It can be said that banks have become a banking system. The fact that in many respects this system is not such as one would like to see is another matter. However, it is important to realize that the tasks of establishing a market economy and of a banking structure adequate to it are so complex that the necessary changes inevitably give rise to many problems and at times even disappointments. The infantile feeling of expecting an instantaneous miracle is historically developed in our country. It was also expected from the banking system. However, there was a continuous disappointment and rushing about in the search for the enemy. There is the same feeling now: There are banks, but payments are not

made, and there are no credit resources. Finances do not operate, "wages are raked in" in banks, and so forth.

Naturally, an enemy must be found and here tastes differ: for some it is the commercial bank, for others, this one, and for still others, the Central Bank, the Savings Bank, the entire banking system, and the chairman of the Central Bank personally—in brief, a war of everyone against everyone. Imagine natives, who had just chiseled out a block from a rock and then and there in anger began to smash it to smithereens, because it did not at all resemble the sculpture of the idol, which they intended to carve. This is very similar to our present anger against the banking system. We must work systematically and persistently.

[Storozhev] On what must we work first of all?

[Prokofyeva] First of all, it is necessary to structure the success achieved by the joint actions of two deadly enemies—the USSR State Bank and the Central Bank of Russia. At one time the State Bank gave a strong impetus to the establishment of new commercial banks. On its part the Central Bank of Russia destroyed the system of former specialized banks, crushing them energetically and transforming them into commercial banks.

First of all, we must work on bringing these two banking groups closer together, cultivating the good and reducing the bad that exists in each of them.

[Storozhev] However, this is a concept. What can you note in connection with some specific problems subject to an immediate solution?

[Prokofyeva] Today it is exceptionally important to establish a system of supervision over the activity of commercial banks. However, this requires a modern and reliable accounting system, a new plan for accounting records, a normal procedure for refinancing commercial banks, an efficient independent audit, and many other things.

Incidentally, determining the possibility of occurrence of problems at banks in the future is one of the basic tasks of supervisory bodies. At the same time, openness in mutual relations between banks and supervisory bodies and mutual trust are very important. Naturally, supervisory bodies must be independent of policy and the government and not be subject to influence on the part of banks.

Furthermore, the Central Bank of Russia has already done a great deal for the establishment of a mechanism for regulating the activity of commercial banks. Of course, one can say that as yet it is completely inadequate to the goals and tasks, but, after all, many things simply do not depend on the Central Bank of Russia. They depend only on time—for example, such as economic and legal enlightenment of public consciousness.

Of course, the Central Bank of Russia has levers of effect on banks, but it is impossible to simultaneously affect all banks at once. Imagine, a certain commercial bank cynically boasts in the press that it makes clients' payments by telephone. Thereby, it simply spits upon the Central Bank, which issues instructions seemingly obligatory for execution by law. A second bank covers interest on deposits with goods and a third gives assurances that it has no problems directly writing off money from a fourth. In newspapers and on television very often there is advertising self-praise by banks, which brazenly confess to illegal operations, entice clients with services for which licenses have not been issued, and so forth. What means does the Central Bank have to resist this turbid flow? On the other hand, the system of domestic legislation in its spectrum is so unsystematic and so chaotic and illogical that it is difficult to expect something else.

Let us take the mutual relations of banks with tax bodies. The tax service has the right to block correspondent accounts suddenly, at its discretion, which threatens not only the activity of the bank itself, whether it is right or not, but of all clients, who are not privy to the bank's internal affairs. In our opinion, we should approach this extreme measure by putting the interests of bank clients, not the convenience of tax services, at the head of the list. It is advisable to affect the bank that does not fulfill the demands of tax bodies by means of economic sanctions; for example, a big fine. The blocking of a bank account is permissible only by the decision of judicial bodies.

As is well known, the conditions of taxation at banks are tougher than at enterprises. It is necessary to equalize them in tax obligations at least in the range of production cost items and thereby to create equivalent conditions for the performance of activity. We should at least give thought to the fact that the cost of labor—without which it is inconceivable to create a single commodity or

service—which throughout the civilized world forms the lion's share of production costs, is not included in production costs at our banks.

The application of the Law on the Tax on Enterprise Property to banks evokes concern. The law does not at all take into account the fundamental difference between the enterprise and the bank, as a result of which banks pay from their pockets tax on the property of enterprises, which exists, for example, in the form of funds in current accounts, although it is obvious that enterprises have already paid this tax. The ideologies of bank and enterprise balances are different and to apply the same standard to them is criminal illiteracy.

[Storozhev] In your opinion, how reliable is the banking system in Russia? To this day not a single bank has become bankrupt de-facto, but does this mean that there are no bankrupts in Russia?

[Prokofyeva] Of course, there are and quite a few. However, as long as we do not have a law on bankruptcy, no one can be declared a bankrupt, although often there are signs of bankruptcy. In addition to the absence of a law, the boundless patience of clients also saves the position of many banks. Let us take the vast amounts of nonpayments in the national economy. Of course, part of them is caused by shortcomings in the accounting system, but part should also be put on the conscience of commercial banks. In this case it is by no means obvious who is to blame to a greater extent. One can say that banks constantly make excessive use of their legal right to use clients' money as their own credit resources. However, often they completely ignore their direct duty to control the liquidity of their balance, as a minimum, at the level of the archliberal demands made by the Central Bank.

For example, if the need for credit exceeds the normative fivefold, the bank, bypassing the demands of the Central Bank, issues the required amount in five equal credits to five of "its" firms, which throw the money into one account, and, in fact, the business is done.

There are banks, which on the last day of the month take a deposit for 1 or 2 days from their clients, on the first day of the following month return the money to clients, and, owing to this, have minimal expenses, a fine balance on each date under review, and a splendid image in the eyes of the fooled public.

Many banks, instead of charging credits not paid off on time to the accounts of overdue loans, conclude contracts for extension and overextension, sometimes even one-sided. You understand that a debit balance in correspondent accounts is by no means an overdraft, that excessively overloaded accounts of unexplained amounts are not at all inoffensive, and that many sudden new and incomprehensible things in the conduct of banks—such as unexpectedly exorbitant interest on deposits under conditions of the payment and credit deficit—are symptoms of the third stage of the disease: "It is too late to drink 'Borzhom'—the kidneys have failed."

Perhaps this will sound shocking, but our state now needs official bank bankruptcies like air. The Central Bank has already announced its position on this. Naturally, everyone in his fright has taken up arms against it, saying that the Central Bank is an enemy of the people and wants to destroy commercial banks, but banks, after all, have the money of enterprises and citizens. An unheard of hypocrisy! They should have thought about the money of enterprises and citizens when, without the owners' knowledge, they gave it out as credit.

I explain: The position of the Central Bank lies not at all in the intention to do something to speed up bankruptcies, but, conversely, in ceasing to make titanic efforts to prevent them, because, all the same, it is impossible to prevent them—sooner or later without fail there will be an avalanche of bankruptcies. This has happened in all countries during periods of deep economic crises. Only the banks that will experience this avalanche will be armed with the healthy instinct of self-preservation and with sober caution and conservatism. In Western culture these are the traditional features of the banking image, because there they have experienced all this. Only they will be able to view normatives and instructions not as the fiscal malice of the Central Bank, but as a pragmatic norm of financial existence.

And so, the Central Bank is interested in seeing to it that as large a number of presently operating banks as possible experience the forthcoming disaster with as few losses as possible. For this, in particular, it is necessary to stop taking away the health of strong banks and to infuse it into those that are doomed unequivocally, as is done, for example, during the crediting of debit balances in correspondent accounts (incidentally, this is done in the name of clients, not banks, but there must be a limit to everything) and in many other cases not visible to a person not versed in subtleties. The Central Bank raises the discount rate precisely for this—so that banks engage in their own business and not speculate with centralized resources “not working” for them. Many other actions presently undertaken by the Central Bank, which on the outside seem harmful for commercial banks, in fact, are directed toward the most rapid recovery of the state banking system. Any professional will confirm this to you—one must only be discriminating in the evaluation of professionalism.

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Results of Manufacturers' Conference Discussed

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[Article by Mikhail Lantsman: “Does the Russian Public Like Directors?”]

[Text] At the Sixth Congress of People's Deputies of the Russian Federation the industrial lobby and the directors'

corps standing behind it announced themselves to be the only force capable of shouldering the burden of responsibility for the country's future. But the way the new vanguard, which replaced the proletarian masses on this post, conducted the review of the ranks before the fall attack on the “antipopular” government will rather turn away respectable citizens from the temptation to entrust their fates to this—as expressed by state adviser Mikhail Maley—“last hope and mainstay of the country.”

The All-Russian Conference of Commodity Producers has shown that directors' masses have neither a clear-cut economic program, nor a recognized leader. Up to now Arkadiy Volskiy, chairman of the Russian Union of Industrialists and Entrepreneurs, was customarily considered the leader of the directors' corps. However, delegates to the conference “tore the mask” off Arkadiy Ivanovich, in essence, accusing him of “shameless bragging.” His numerous opponents attempted to demonstrate, and not without success, that Volskiy's power was confined to his offices on Staraya Ploshchad.

As at the Sixth Congress the economic alternative boiled down to the traditional accusations against the government about the homeland's collapse, demands for its unconditional resignation, and suggestions “to face production needs,” that is, to change over to mass crediting, price regulation, wage indexing, protectionism, and so forth.

Anatoliy Sivak, director of the Tyumenneftegaz Production Association, called the conference an arena where the duel between the government and the Supreme Soviet for the right of primacy continued. However, a duel presupposes, as a minimum, the presence of two opponents. The funny side of the situation lies in the lack of an object for receiving satisfaction and of reasons for dissatisfaction. After the Sixth Congress the president met the demands of the industrial lobby, introduced strong managers into the government, curtailed financial stabilization, and “faced production needs.” The telegram of Viktor Gerashchenko, acting chairman of the Central Bank of Russia, about the procedure for mutually offsetting debts of enterprises marked the end of the first stage of liberal reforms. The lobbyists turned out to be victims of the inertia in their own thinking. The appeals by Arkadiy Volskiy and Aleksey Shulunov, chairman of the league of defense enterprises, for a dialogue did not have an effect on directors' masses. The directorate, in contrast to the proletariat, turned out to be uncontrollable. The conference, which never became a constituent congress, ended with the same thing as did the January meeting of the military community, that is, with nothing.

Nevertheless, the ardor of industrialists and people involved in agriculture, who have joined them, in the striving to bring the duel to a logical conclusion (that is, to their victory) has not faded. They count on mass actions of social protest forecast in September. The question is to what extent it is justified.

Speaking at the conference, Mr Maley noted that the psychological crisis connected with the transfer of the population from the proletarian to the bourgeois state is the main crisis experienced by the country. As world psychiatric practice maintains, such states experienced in certain countries are accompanied by cases of mass nervous breakdowns. At the same time, psychiatrists note that unbalanced political leaders are the accumulators and radiators of destructive nervous energy. The extreme degree of nervous exhaustion in residents of the South Kurils after the trips of party deputies Sergey Baburin and Oleg Rumyantsev there illustrates this.

Psychiatrists maintain that, in order to alleviate nervous stress, it is necessary to have people with a psychotherapeutic appearance in the leadership. Undoubtedly, Acting Prime Minister Yegor Gaydar has such an appearance. In psychiatrists' opinion, his sweet smacking of the lips during numerous television interviews in combination with his plump cheeks creates a surprisingly tranquil effect. His rating, which has risen recently, serves as testimony to this.

Academician on Strengthening Foreign Economic Ties

924B0213A Moscow *EKONOMICHESKAYA GAZETA* in Russian No 31, August 92 pp 1,7

[Article by I. Ivanov, deputy director of the Russian Academy of Sciences Foreign Economic Relations Institute: "Russia at the Foreign Economic Crossroads"]

[Text] The disintegration of the union has placed Russia in a principally new economic situation. Business relations not only with distant countries but also with nearby ones have become foreign economic relations. As a result, the relative share of import in Russia's consumption has tripled, while the relative share of export in production has doubled. The Russian economy has become much more open to the outside. This, as never before, demands the effective and competent implementation of foreign economic activity.

Obviously, foreign trade is first of all the mirror of the country's domestic economy. Yet much depends also on the administration of foreign economic activity. Here the government, within the framework of general economic reform, has immediately taken the only possible course toward liberalizing the conditions for relations with the foreign market. All enterprises have been allowed open access to this foreign market, administrative levers of management (quotas, licenses) are being replaced by economic ones (tariffs, taxes), and unification of the conditions of currency budget accounting has been implemented. Cooperation with international organizations has also been strengthened. A unified and open order of exporting specialized technology has been introduced. The developers and implementers of foreign economic reform often proved to be bolder and more inventive in their approaches and plans than were the authors of the USSR Strategy for Foreign Economic

Relations approved in 1988. It is specifically for this reason, despite the numerous unsolved problems of a technical nature, that Russia was accepted into the IMF [International Monetary Fund] and the IBRD [International Bank for Reconstruction and Development].

On the whole, however, Russia's foreign economic relations are today at a crossroads, in a stage of transition from nationalization to market relations. Yet while there is more freedom in foreign economic relations, as yet there is no more currency. The contradictory character of realizing reform is itself manifested primarily in this fact. The macroeconomic approach which dominates in government is often isolated from the specific interests of individual enterprises. An illustration of this is, for example, the hasty transition to domestic convertibility of the ruble, for which no adequate preparations were made, either economic or organizational.

Barefoot Convertibility

The necessity and advantages of convertibility are indisputable. Yet for this the national currency must have the necessary reserve of strength and trust, which the ruble does not have, as it is hindered by the decline, inflation and disbalance of state finances. Under these conditions, to decree convertibility and wash one's hands of the problem, trusting the further fate of the ruble to the market, appears to be, although a simple, yet a rather dangerous scheme.

First of all, there is no representative currency market in Russia, and therefore there cannot be a representative market exchange rate to replace the official one. Barely three percent of all the currency is circulated at the exchange. Its paltry supply there is countered by the immense ruble demand. This creates a large gap between the market exchange rate of the ruble and the actual value relations of Russian export and import, extremely understating this exchange rate to the detriment of the country.

Any kind of export, even dumping, becomes "profitable," since at an exchange rate on the order of 1:150 the exporters get excess rubles, even if Russia underreceives currency. This, we might add, leads also to anti-dumping actions in the West, limiting Russian export (fertilizers, scrap, metals). Import becomes much more expensive, and this has already been felt by the consumers of bread, sugar and medicines (previously supplied to the domestic market at an exchange rate of 1:20). Finally, it is laughable to apply such an exchange rate under privatization, since this would mean the sale of property for a pittance. Such convertibility also gives no way out of the debt dilemma, since we will have to pay off foreign debts not with "convertible" paper rubles, but primarily with goods valued at the lowered exchange rate of these rubles. In other words, once again this is more than the real value of the debt. In short, under the new exchange rate, the foreign market will regularly "suck up" the Russian national income.

Secondly, convertibility presents a set of organizational problems which as yet have no solution. Thus, the Russian budget does not provide means for purchasing currency at the market exchange rate. The Central Bank

does not have sufficient reserves to intervene in the all-union currency market, and no one has yet seen the 6 billion allocated by the IMF for these purposes. There is also no system of ensuring currency risks of enterprises (and banks) against fluctuations in the market exchange rate of the ruble and the gap in purchase and sale prices of currency. Finally, it is unclear how convertibility will mesh with the ruble zone. Most likely adopted by Russia in a one-sided manner, it will only accelerate the introduction of national currencies in the other CIS states.

Thirdly, the burden of convertibility is being shifted once again onto the enterprises. They and they alone will feed the currency market by means of mandatory sale of their receipts obtained from export, yet without any guarantee of free reciprocal purchase of currency. Considering the fact that about half of this currency will go to pay off the foreign debt, barely half will be able to return to the market. This means that the market supply will be notably less than the demand. Consequently, the rates for mandatory sale and reciprocal purchase form a diverging discrepancy, and the ruble may go into a spin. Then as an emergency measure (which, we might add, was specified in the program "500 Days"), the government will introduce expanded licensing of import, and we have already been through that. As a result, already now we do not see the enterprises rushing into the mandatory sale of their currency receipts. A significant portion of these receipts is settling abroad, even under threat of sanctions by the new currency law.

In short, it would be more correct to postpone the time of introduction of convertibility until the Russian economy and finances stabilize and thorough preparations are completed. The retention of plurality of exchange rates for this period would also not spoil things, even if this goes against the insistence of the IMF. We would like to think that the new leadership of the Russian Central Bank will say its word here.

Foreign economic reform is multi-faceted. But it too has unique "grey areas."

Questions on the Margins of the Program

First of all, the fundamental choice for Russia is unclear. Does it intend to develop as a part of a single economic space of the CIS (and then it must be preserved in every way possible), or will it prefer to isolate itself in a trade-political sense, without drawing any distinction between nearby and distant foreign countries? Everyday life pushes it toward the second path. But alas, unlike the union, Russia today is no longer omnipotent. Therefore, strategically it would be useful to preserve some integrative nucleus in the CIS, if only of a narrow complement.

There is no definiteness also in the prospects for payment of the union foreign debt. Other CIS countries are ignoring their international obligations on a unified debt responsibility, leaving around \$8 billion unpaid. The inter-state CIS council created for this purpose is stalling. Such a situation also prohibits the sale of the union's foreign debt assets (about which our debtors are starting to forget), including

also by means of their sale to commercial structures or operations on the financial market. It seems that Russia could cut this knot by assuming the entire union debt (in the first six-month period it already paid off 80 percent of such payments, while only 60 percent were demanded of it). But then all the foreign assets, as well as the USSR gold and diamond reserves, must belong to it. In foreign finance circles this step would evoke understanding and open the way not to quarterly, but to long-term conditions for paying off the debt. The "sovereign" flight of other CIS countries from their debts would also receive an appropriate international evaluation.

In any case, it seems that Russia can already today begin the sale of foreign assets of the former union within the limits of its 60-percent quota.

Programs are good when they are based on law and order. However, this is not yet being ensured in the foreign economic sphere. Even the Currency Control Inspection which was created four months ago still does not have either a building or a staff. The organization of the Russian customs boundary is dragging on. Finally, reform is being implemented by presidential ukazes, with a clear delay in the creation of a stable legislative base for this purpose. During the time of its rule, the government passed only one currency law through parliament. The professional culture of the adopted documents is also inadequate. Often ukazes correct previously adopted laws. Their texts contain a number of contradictions, and sometimes even direct errors. Moreover, the currency law also circumvents such key questions as the ruble zone, exchange rate policy, and insurance of currency risks. It does not even state that the currency of Russia is the ruble. In many cases the text of the law is reminiscent of a table of contents of problems, since their regulation is handed over to the Central Bank, i.e., passed down from a legislative level to an administrative one. Standard setters with insufficient experience are not listening to the opinions of science and industry. Access to the texts of adopted documents has also become a problem. Openness here has clearly suffered. This is true to an even greater extent for the texts of inter-state agreements of the CIS states. The documents which the government signs with the IMF are also sealed.

Concerns of Foreign Investors and Domestic Exporters

The stagnation in the sphere of foreign investments is causing growing concern. It is specifically these investments which are called upon to replace the expensive credits which are burdening the foreign debt, and to transplant into our economy the living tissue of market relations. The process of privatization which is beginning in our country is opening up for them their golden hour. However, the government has by its authority repealed for foreign investors even those few benefits which were contained in the legislation. In the absence of a prudent privatization exchange rate of the ruble, it has been decided simply "not to let" foreigners into privatization, creating discriminatory conditions for them there. Despite the existence of a special state committee, the task of attracting foreign investors is being scattered

throughout many departments and regions, which makes it impossible even to compile a list of priority sectors for them. In Russia there is less order in this sphere even than in a number of the other CIS countries.

Recently the Supreme Soviet Presidium issued an instruction to develop a new Russian investment law. But it is also necessary to organize state administration of this sphere (in accordance with international practice), as for example in the form of transforming the State Committee on Foreign Investments into an independent collegial organ with representation of all interested departments and business circles. The primary task of the committee apparatus must become the full-fledged protection of the foreign investor against domestic lack of limits, including the creation of favorable conditions for his participation in privatization. Without this, we will not have any large foreign investments.

What we have said is not an appeal for a vote of no confidence in the government or for the development of some kind of alternative program of foreign economic reform. This would only lead to a loss of time. The task consists of a realistic correction of the undertaken measures where it is needed. For example, a unified import tariff cannot be introduced as a permanent measure without differentiation, since then it would remain a fiscal tool, and not as a means of regulating foreign competition. The fetishization of world prices is also incorrect in view of the sharp differences in the structure of the economy and in labor productivity in Russia and throughout the world. To replace the old distorted prices with no less unrepresentative new ones is almost the same thing as giving a lark to catch a kite.

It is encouraging to see that constructive correction is currently proceeding through the united efforts of experts in government, parliament, industry and science. We can only hope that the results will not be long in coming.

Footnote

1. The CIS accounts for half of Russia's overall foreign trade circulation, while deliveries from this zone account for 14 percent of the Russian consumption of coal, 25 percent of its consumption of rolled stock, 37-45 percent—pipes, 23 percent—potassium fertilizers, 31 percent—tires, 47 percent—tractors, 56 percent—bulldozers, and a sizeable percentage of its consumption of food products, minerals and raw materials for industry.

Cheshinskiy Notes Harvest Progress

924A1836A Moscow NEZAVISIMAYA GAZETA
in Russian 15 Aug 92 p 2

[Article by Yelena Tregubova: "There Will Be No Famine, Experts Believe"]

[Text] The productivity of this year's grain crop is significantly greater than last year's—whereas 19.2 centners per hectare were harvested on the average in 1991, presently this figure is 23.8 centners per hectare, as was

announced at a press conference conducted 13 August by the Committee on Grain Products. According to committee data, drought was a negative factor in only four oblasts, while many regions—the Northern Caucasus, for example—experienced a record crop. It is conjectured that the amount of grain harvested in Russia will total 94-96 million tonnes.

"There simply cannot be any famine, and the opposition is only supercharging the atmosphere through their statements," commented Leonid Cheshinskiy, chairman of the Committee on Grain Products and a representative of the Russian Federation president.

In his words, the government resolution on increasing purchase prices that was recently signed will resolve to a significant degree the problem of delivering grain "to the state granaries." Right now, the state must pay eight rubles (R) for a kilogram of the poorest quality fodder grain, R10 for lowest quality "food grain," R12 for average quality "food grain," and so on, up to the highest price, R20 per kilogram.

But the president's representative acknowledges that peasants "will be waiting a long time" before they receive guarantees of fulfillment of Yeltsin's recent promise to compensate peasants for losses in the event of further price increases.

Cheshinskiy related that the present overall plan for delivery of grain, mandatory for oblasts of the Russian Federation, calls for 29.1 million tonnes, and the state has promised to add 20 percent of the prescribed cost for every tonne above quota. As of today, 12 oblasts have simply refused to fulfill any state requisitions whatsoever. Cheshinskiy is convinced that the presidential ukase "On the New Concept of Organizing State Resources," signed 13 August, will remove any difficulties with holdouts. The ukase envisages the creation of a "Federal Needs Fund," whose "quotas" will be mandatory for all oblasts operating under a profit. Later on, the fund will concern itself with centralized distribution of the entire crop, the president's representative stated.

Grain Harvest, Procurement Noted

924A1836B Moscow SELSKAYA ZHIZN in Russian
21 Aug 92 p 1

[Unattributed excerpt from "Winter Will Reveal What Summer Has Stockpiled"]

[Excerpt] According to State Statistics Committee data, as of the start of this week 28 million hectares of grain were cut down and 26 million hectares milled—this amounts to 49 and 45 percent, respectively, of the area sown.

Fifty-eight million tonnes of grain were ground. According to state purchasing terms, 8.4 million tonnes were transported to grain-reception enterprises.

The pace of grain sales to the state has been increasing in recent days in connection with increased purchase prices of grain.

Rutskoy Attends Pskov Agriculture Seminar
924A1836C Moscow NEZAVISIMAYA GAZETA
in Russian 14 Aug 92 p 2

[NEZAVISIMAYA GAZETA report: "Rutskoy Will Increase Agricultural Production"]

[Text] A seminar on increasing agricultural production and developing agricultural processing sectors began its work yesterday in Pskov.

The leaders of eight northwestern oblasts of Russia and of the republics of Komi and Karelia are hoping over a two-day period to jointly resolve problems of providing the population of this region with food. Russian Vice President Aleksandr Rutskoy will participate in the work of the seminar and should help them in this regard.

Aleksandr Rutskoy also intends to meet with workers of the vegetable-raising sovkhoz Pobeda and the poultry farm Pskov, and to visit the Pskov-Pechory Monastery.

Khlystun Addresses Privatization Conference
924A1836D Moscow TRUD in Russian 20 Aug 92 p 2

[Article by M. Chkanikov: "Privatization on an Empty Stomach"]

[Text] About 6,000 new peasant farms were registered in Russia in just the past month. Minister of Agriculture V. Khlystun provided this information at a press conference dedicated to privatization in the agro-industrial complex. Today there are a total of 135,000 private farmers in the Federation. One year ago their number was approximately one-third fewer.

Today's additions to the ranks of the free peasants comprise one of the main arguments of those who believe that agrarian reform in Russia is proceeding at full speed. The level of production at private farms is not high, however. We know that they provided about one percent of the produce last year—although it is true that gratifying exceptions have been noted. In Kalmykia, for example, one-tenth of the land is in the hands of private farmers. They also have one-tenth of the cattle, yet are responsible for 15 percent of the agricultural production output.

In Central Russia, the achievements of private farmers are far less impressive. In the opinion of the minister, 10 out of every 100 new landowners may reject their allotted plots of land by the end of the year. The disparity in prices for industrial production output and produce and the lack of money are making many sectors of agriculture absolutely disadvantageous. It is the small enterprises that are first made to suffer under such conditions. Many of the free farmers who succeed in holding onto their property will be forced to content themselves with a self-contained economy.

"This is normal in a period of formation," the minister believes.

He is probably right. But it is also apparent that the government's economic policy has placed the farmer-producer, the farmer-supplier, on the verge of complete extinction.

Large farms remain the main source of food products—reformed kolkhozes and sovkhozes. At first, the idea of transforming farms in the rural areas received a hostile reception. The Ministry of Agriculture introduced a listing of enterprises not subject to being reformed for one reason or another. You could not beat back the waves of enterprises desiring to be entered on it. But the situation has changed drastically in the past three months. Already the fortunate ones that managed to get on this list are requesting that they be taken off and at least be permitted to convert to joint-stock operation.

To all appearances, the changes of recent times have afforded certain advantages to the village. The record time frames under which crops are presently being harvested provide further confirmation of this. However, the changes are still very minor. Distribution of shares is only the beginning of reform. Only when the most sensible peasants become joint proprietors of the farms (of whom there are usually not more than 10 or 15 in 100), when they buy up property rights from the "old women who have spent 30 years on pension" and from the inveterately drunken 25-year "old timers," when these sensible peasants select their own director or chairman—only then will it be possible to talk about reform of the kolkhoz- sovkhoz system.

Privatization in the sphere of agricultural production processing is a special topic. Essentially, this has not yet begun. Only very recently did the Ministry of Agriculture and State Committee on Assets finally reach agreement on the procedure for converting regional milk production facilities and meat combines to joint-stock operation. Forty percent of the shares will go to their employees, and the remaining 60 percent—to raw material suppliers, including the private farmers.

In spite of all the costs of reform, reform has brought more benefits to agriculture than to any other production sector. The changes that have taken place even provide a basis for optimistic predictions with respect to food. In spite of drought in the center and flooding in the south, for example, we will presently be harvesting more grain than we did last year.

But there exists another measuring stick of agrarian reform. Prosperity for any major power is possible only when based on a solid rural foundation. It is no chance occurrence that the small private farmer who produces God knows how much is protected so well in all the developed countries, that he is paid tremendous subsidies and afforded conditions under which he might prosper. The private farmer, our peasant-property owner, bears within himself the moral and spiritual

standard of his people. He is the future of his nation. In his day, P. Stolypin understood this.

Yet it would seem the current Russian reforms are pursuing chiefly tactical aims, primarily increased food production. This is only natural in our situation. But off in the as yet dim distance behind these, we can see a strategic aim—the rebirth of Russia through the village, rural locality, and hamlet. And from this point of view, reform is barely in its embryonic stage.

Fedorov on Reasons for Supporting Worker Ownership

924A1780B Moscow IZVESTIYA in Russian 14 Aug 92
Morning Edition p 3

[Interview with the general director of the Eye Microsurgery Interbranch Scientific and Technological Combine, Svyatoslav Fedorov, by Yevgeniya Manucharova: "How To Become an Owner According to Doctor Fedorov's Prescription"]

[Text] The famous Eye Microsurgery Interbranch Scientific and Technological Combine [MNTK] is preparing for the decisive stage of the reforms—privatization. When will this be? How should this process be carried out? The general director, Professor Svyatoslav Fedorov, has his own theory.

[Fedorov] Within the country the transfer of property to the people is being tragically delayed. For 18 months we have been fighting finally to pay off the state corvée and become the masters of the MNTK. Nothing has yet happened. They have been "talking" about privatization again, for the nth time. Half the population has lost faith that this possibility exists; the other half simply does not even understand the term. But it is a question of the standard of living—the return of the country to its people.

Nowhere in the world is such national wealth concentrated in any treasury. There is no such wealth because absence of owners is extremely unfavorable for the state itself: The quality of the population declines, people become unnecessary as they are created for and directed to labor, and the labor itself is devalued. Much has already been said and written about this. Nevertheless, I will permit myself to talk about it once again.

I would like you not to fear to take up my opinion. I am convinced that before the level at which the creature could be called a human being, our ape-like great-great-grandfather did not stand up on his feet when nature forced him to find his food through his labor, but when he created and started to increase his own personal property and pass it on to his progeny. It was exactly this that created Homo sapiens from primitive pithecanthropus. Strong incentives arose for it to labor and grow wiser, and it was already looking about in its own place, thinking (yes, already thinking!) about how to become richer.

Take away the right of ownership (and that means creativity) and people start moving backward—toward

the time of pithecanthropus, where the main concern was the bloodthirsty destruction of each other.

That is the path on which we embarked 74 years ago. And today they will not give property to the workers in our country! Which is, quite naturally, in contradiction of the interests of the future owners of property (us and them), and those who now hold it in their hands (the state bureaucrats). Somehow they must succeed in something!

At present the makeup of the parliament is such that it cannot reflect and defend the interests of owners. And that is a great pity for the country. The deputies (like us, incidentally) have not been owners. And they still live the way they did before perestroika. They do not know how to create what is their own, how to manage it. No one has owned a herd of his own cows; no one knows how to get fodder for them; no one has built his own factory. So our parliament is incapable of creating laws for the citizens of Russia.

Alas! People who are unprepared for it and not interested in it will accept the Constitution (where the chief law should be affirmation of the right to individual property!). A constituent assembly would certainly have coped better with a law on property and the return of property to the people. This beautiful democratic idea is being put forward by many people. But the struggle to realize it may envelope Russia in more blood. Perhaps even a referendum with questions about giving the president the right to transfer property to the people within two years.

[Manucharova] Why still wait for something if it is necessary now to move on from slogans to finally carrying out privatization. What is your opinion? How should this be done under today's conditions?

[Fedorov] Without wasting time in trying to reinvent the wheel. All systems, all procedures for this business are known. For the stages of privatization and breaking up the monopoly production facilities are inevitable even for such well-organized countries as the United States. There the state buys up the production facilities of the major corporations and allows all the workers in the companies to become co-owners. Without paying the state a cent, people become the owners of their own work places. It is given in the form of a credit of a package of shares. And the state returns to itself the sum of the assets spent because the new owners pay back this sum over 7 to 10 years without interest.

The authorities go to this kind of trouble to increase incentives for the workers to work. Each person who becomes a co-owner of his own production facility finds himself in direct dependence on increased profits for the enterprise and so he himself intensifies his own labor and thinks about improvements in technology.

That is how the well-known 10-year state program in the United States to privatize the work place is being carried out. To fulfill this plan more than 11,000 corporations

have already been decapitalized. Some 12 million former hired workers have been elevated to the rank of a third estate. The program works splendidly, and 30 percent of all stock in the United States belongs to stockholders at their own work place. It is totally incomprehensible why this humane and fair program for transferring property to the workers is being rejected by the Gaydar government. It could begin immediately from the second stage—with the transfer of property of the work place. As in the United States, credit should also be provided.

[Manucharova] Your idea has many opponents. They call privatization of the work place economically absurd. They say that then a dispatcher in the metro would be the owner of his own microphone, or the escalators.

[Fedorov] I think that they have simply failed to understand what the issue is. Privatization of the work place means that a person becomes the co-owner of the entire technological chain, which includes the microphone and the staircases and, as the final result, profit. For example, if a joint-stock company were set up for the metro, each worker would receive a percentage of shares in a general package corresponding to his share in the achievement of profit. This can be calculated like the share of the managers. What is this? Sometimes 20 percent of the shares (as in agriculture), sometimes 30 percent, as in scientific-production companies. Everything depends on the importance of this figure in any given set of circumstances. The Americans long ago determined that the most advantageous way is to divide it up into packages of shares. There are three or four versions for different types of enterprises.

The principle of shared distribution of wealth also exists in our MNTK, under leasing conditions. This is precisely why I can recommend with a clear conscience this kind of technology for intensifying labor to others.

[Manucharova] Does this mean that in privatization you deliberately move to unequal starting opportunities for workers at one and the same enterprise? In your MNTK everyone's labor is obvious and it can be correctly evaluated. But what about a neighboring organization? Perhaps the state and the bosses are being duped there, perhaps bootlicking flourishes and the best jobs go to the worst people. Then they will be unable and reluctant to divide up the shares fairly; the bosses will grab everything and create a quasi-market and quasi-share structures with the hired labor of all the subordinate people.

[Fedorov] They will go bankrupt. Of course, it might happen. Nevertheless, I do think that the government is obliged to agree to any program put forward by an enterprise if it wants to become a joint-stock company. No matter who puts forward the plan—the labor collective or the administration. Property should pass through a selection process. Sooner or later (after its resale, transfer, or exchange) property finds its own real master. That is how it should be.... But perhaps it will also be dispersed, move beyond the cordon of inexpensiveness.

We have been too attracted by auction sales without being concerned about the long-term consequences.

Here it must be understood that a country does not become wealthy through the money obtained from privatization. It is important to obtain other profit—a larger number of guaranteed taxpayers.

Only talented producer-owners with incentives to increase their own property make a country wealthy. It is essential to give priority to acquiring enterprises for those who now work at them. Of course, they do not have the assets to buy the plants because the state robbed them during the years that they worked at the state enterprises. So they should be given the tools of production as a loan, as it were, American style.

I was recently speaking with President B.N. Yeltsin, telling him that neither I nor the entire MNTK has the R4 billion the State Committee for the Management of State Property may ask so we can become a collective of owners.

[Manucharova] So what is your scenario for privatization? Speaking realistically....

[Fedorov] The MNTK is proposing that it be appraised at the old prices from the balance sheet value; that is, R192 million. (Let me remind you the Luzhniki were appraised at only R98 million). Each of us (like all citizens within the framework of the government program) will receive two vouchers—privatization checks. The sum of 10,000 has been promised. Some 6,500 people work with us. If we give all our vouchers to redeem the MNTK we will have only one-third of its value. But if we take a bank loan we shall be able to obtain 78 percent of the shares. And the controlling package will be ours; we shall receive the right of management.

We shall give some of the vouchers to pensioners. These will be the so-called preferred shares for which dividends will be paid on a mandatory basis no matter what profit is made. Perhaps we shall sell some to outside people wishing to buy. In time we shall try to redeem the other 22 percent of the shares from the State Committee for State Property Management so as to become the true owners.

We shall probably give dividends on shares not every year but much more often. So that if a person comes to work at the end of a quarter he will already receive a check for the next round of dividends.

[Manucharova] Why is it that you personally need privatization so much? What will you get as a plus to what you already get? I am not talking about the country but about you personally.

[Fedorov] Personally what I will get is a reasonable and strong state where normal laws operate that are needed by all citizens. All of this is possible wherever there are also true owners (a third estate, millionaires) and potential owners. The change in the mentality of the hired

laborer to the mentality of the owner is the real goal of privatization. Not enrichment, not passing wealth from hand to hand, but the organization of a system where the individual (all of us!) is vitally connected to the results of labor.

That is the kind of state in which I hope to live. And I still hope that I shall now obtain, finally, the right to be a true manager—the right to take risk in my own business. This also happens only with ownership.

What we have to do now is change the level of medicine in a fundamental way—move on from microsurgery to molecular surgery. We already know how to do it. (For example, we can vaporize the surface of a tumor or alter the optics of the eye). But we shall not develop the apparatus that we need without major investments, without the simultaneous investment of millions of dollars. There is no developed banking system in the country under which we could obtain credit of 20 million. Only by risking personal property by investing it shall I truly obtain the funds I need.

[Manucharova] What will you do if enforced capitalization as a joint-stock company is pursued not in accordance with your scenario?

[Fedorov] I shall leave and open a small private clinic. Absurd, but possible.

[Manucharova] Hardly. On what conditions will you go with the government?

[Fedorov] Only on conditions that are spelled out in full: We must obtain the right to buy our own work places. To become the masters of our own business. This will offer enormous opportunities. Collective private ownership is a very powerful force. It is the result not of individual owners but it multiplies this, as it were. We shall achieve this. We shall be able to develop molecular surgery, which is the future of the MNTK.

Technical Problems of Voucher Introductions Examined

924A1838B Moscow NEZAVISIMAYA GAZETA
in Russian 15 Aug 92 p 4

[Article by Pavel Kurchanov: "Voucher With a View of the White House or a Record in the Computer?"]

[Text] The distribution of state property in the form of vouchers (very beautiful, with a view of the White House, as Mr Chubays, chairman of the State Committee on Property, maintains) to the population, among other things, will give rise to a large number of purely technical problems. During each of the forthcoming operations—distribution of privatization vouchers by the Savings Bank and then their exchange for shares of investment funds or of state enterprises—a vast number of various documents will be filled in, which will require someone's proofreading and comparative checking, and a record of shares and of latter-day shareholders will

have to be kept. Such a measure will greatly exceed the population census in labor intensiveness. At the same time, it is sufficient to make a technological miscalculation—for example, an unnecessary appearance by a citizen for some registration—and it, multiplied by 15 million, can result in expenditures of many billions and a loss of time.

The opinion of Western specialists in the stock market to the effect that the shares themselves should exist in paperless form must also be taken into consideration.

In fact, it is convenient when shares exist in the form of clearing accounts in depositaries of securities and are recorded according to computer technology.

As yet there are few such institutions in Russia. However, the experience of the computer depositary of the RINAKO Company, for example, which has existed for half a year, shows that, first, such a form of keeping shares costs the emissions body less than the issue of securities in the form of protected certificates; second, the reliability level makes it possible not to be afraid "to lose a share"; third, a share becomes liquid. At the same time, the capacities of the system enable RINAKO to record not only its own shares, but also those of other joint-stock companies. Moreover, it is planned to link depositaries operating according to compatible technology into a single electronic network connected with the system of electronic auctions.

If such experience is expanded, every citizen, as a result of privatization, could receive a clearing account in some depositary, where the shares belonging to him are recorded electronically. The system of electronic auctions can ensure a high liquidity for these shares and will enable them to be easily converted into money and vice versa.

Bread Selling for 20 Rubles per Loaf in Lipetsk Oblast

924A1834A Moscow RABOCHAYA TRIBUNA
in Russian 21 Aug 92 p 2

[Article by RABOCHAYA TRIBUNA correspondent A. Pavlov; date not given: "Bread Is on Its Way, but Prices Are Still Leading"]

[Text] Voronezh—The event housewives have been gossiping about all the time has come to pass: bread is getting more expensive. In Yelts in Lipetsk Oblast, for instance, a baguette costs 20 rubles [R], and a loaf of white R26. The higher prices are due to the fact that bread is now being baked from the new crop of grain.

In neighboring Voronezh Oblast, I was told in the administration, the situation is under control and bread prices remain at their former level, held down with subsidies from the oblast budget. That is today, though. What about tomorrow? Up until recently Voronezh wheat went to grain-receiving points only for storage, not

for sale. Liskinskiy Rayon, for instance, turned over about 107,000 metric tons, but not a kilogram for deliveries.

Whatever the situation, the state is attempting to ease the issue by proposing to the peasants that they sell grain for an average of a little more than R11,000 per metric ton. The price will vary depending on the quality and type of grain and could even exceed R20,000. But life, as always, makes its own corrections in the government's calculations, reducing to nil the efforts of the cabinet theoreticians.

Yesterday, for example, grain deliveries to Lipetsk Oblast elevators slowed. According to the resolution of the administration head, G. Kuptsov, a recommendation was made to purchase grain from kolkhozes and sovkhozes for an average of R10 per kilogram. Peasants immediately sent more than 12,000 metric tons of the best grain to state resources. A telephoned telegram from the director of the Lipetsk-Khleboprodukt Production Association, V. Dementyev, mixed up the cards. It demanded the grain be paid for at contractual prices, but no higher than R8 per kilogram. "They tried to trick us! Who can we believe now?" was the suppliers' reaction.

August Unemployment Figures, Job Market Assessed

924A1834B Moscow ROSSIYSKAYA GAZETA
in Russian 21 Aug 92 p 3

[Article by O. Plakhotnikova, under the rubric "Labor Market"; place and date not given: "Rely on the Exchange, but Don't Slip Up Yourself"]

[Text] According to data from the Federal Employment Service, as of 1 August, 842,688 people were registered as not employed in labor activity in Russia; 248,000 were recognized as unemployed. Of these, about 140,000 are receiving compensation.

Only recently job vacancies numbered in the millions. But over the course of the entire year the number of jobs available declined little by little, and the number of people anxious to get involved in a business of any kind, on the contrary, grew. These processes cannot be called catastrophic. But finally the nasty day did come when it became clear that there were very few jobs but simply a horde of good people qualified to fill them. On 1 August the employment services had information on 376,706 vacancies—two and a half times fewer than needed.

What is most unpleasant is that unemployed citizens, even with the competition, are not in any hurry to take the available jobs. Virtually 100 percent of the vacancies involve skilled labor. But the people who find themselves outside the gates of enterprises are mostly well-educated citizens, office workers, and other white collar proletarians. A few months ago a visit to the employment service gave them some kind of chance: then skilled labor comprised just 90 percent of all available jobs. Today these chances are virtually nil.

According to Fedor Prokopov, director of the Russian Federal Employment Service, it is quite wrong to think that no good vacancies remain because people managed to fill up all the cells fit for life very quickly. Today institutions simply do not need abstract physicians or chief clerks. People everywhere are trying to acquire workers "individually," which means they are not going to the employment service but acting through their own channels, especially since they are not obligated to provide such information for the suffering institutions. In countries where there is such an obligation, Fedor Prokopov informed us, it still doesn't work.

So that it makes sense for people who do not want to join the proletariat to go to middleman firms, read notices in the newspapers, and call around to their acquaintances. There are jobs, and, according to specialists, the real structure of vacancies is quite different from what is being presented today at the labor exchanges. Not that that is anything to flatter ourselves about: Fedor Prokopov warned that far from all white collar workers are going to be able to find the kind of work they are used to. World tendencies in general indicate that during a period of crises in any country, white collar workers are needed least of all.

Fedor Prokopov also informed us that salaries for employment service associates do not depend on how many people do find work. Nonetheless, those who work in labor exchanges do have an interest in the results and frequently themselves are trying to "roll" people on through—otherwise there are crushes, disputes, and scandals in the offices. Demonstrating marvelous surges of feeling, employment service associates themselves sometimes go to see employers to propose certain clients.

According to the latest data, a most serious situation has taken shape in the Central Rayon, where nearly a third of all citizens not employed in labor activity are registered—191,000, of whom 56,000 are recognized as unemployed. The situation is also complicated in Moscow (68,000 out of work, 15,000 unemployed) and in Moscow Oblast (40,000 out of work, 9,000 unemployed).

Unemployment Increasing, Inadequate Compensation Reported

924A1821A Moscow TRUD in Russian 20 Aug 92 p 1

[Article by V. Golubachev, TRUD political observer: "Surplus People on the Labor Market"]

[Text] I don't know who will be the millionth unemployed person whom the State Employment Service will register. However I know that it will be soon, perhaps at the end of August or in September. Meanwhile some 850,000 citizens have been registered at the employment service.

Properly speaking, if the strict official classification is to be followed, one cannot call them "unemployed." In the words of the specialists they are only merely "idle." In

my view it may be difficult perhaps to classify with the unemployed the pensioners who cannot live on a beggarly allowance and who haunt thresholds in their search if only for some kind of spot. And what is more the kids younger than 16. However, there are not so many of both. In the remaining instances the formal, shifting distinction separating "the unemployed" and the "idle" is vague and arbitrary. The essence of a menacing phenomenon, the advent of mass unemployment, unknown to three generations of Russians, does not alter with these terms.

The almost million-man army of "surplus people" is an uncommon phenomenon. I think that in August-September the number of unemployed may rise drastically. Enterprises, including major ones, are shutting down and not only the newly laid off but also young people who have not entered into vuzes [higher educational institutions] and teknikums are heading for the labor market. More and more refugees are showing up.

About 250,000 of the 850,000 "idle persons" are officially acknowledged as being unemployed. This is four times more than in January. And from two to four million unemployed in Russia by the end of the year is being forecast.

Representatives of the working trades are first among those laid off. The reduction in numbers in the state sector is going on at accelerated rates. The private enterprise sphere is growing rapidly. It is more advantageous and more promising, it turns out, to work in the private enterprises sphere. Non-state business is more highly paid and more stable.

However, one still must get such work. What is to be done for those who haven't had any luck? "Anything at all only not to sit around with folded arms. To look for work, to look for one's own business—this is also work," says F. Prokopov, leader of the Federal Employment Service of Russia. Enterprise, sharpness, will, energy—that's what the market economy requires from a person. We who have become used to the comfortable philosophy of "don't show yourself" must enter now into a new and unfamiliar world. This, perhaps, is the most difficult.

However, it has turned out that we nevertheless have many mobile people full of initiative. During the last six months alone the number of employees at private enterprises and on individual farms has tripled. The sphere of individual labor activity is developing rapidly. From six to seven million people may be employed in this sphere by the end of the year according to the estimate of the specialists of an international trade union center (GCTU). What a scale—isn't that so?

"Self-employment," although it will become a life preserver for many citizens, doesn't solve the problem of unemployment, however. According to the trade union center's calculations approximately 11 million persons will pass through the labor market in Russia this year. Half of them will get a job at enterprises of mixed forms of ownership, more than a million will be hired by

private entrepreneurs, half a million will be engaged in training, while four million will find themselves on the street.

Life will show how events will unfold in actuality. However it is quite clear even now that extremely complex tasks will confront the State Employment Service. A positive phenomenon is that about 400,000 persons have already been placed in jobs with its help since the beginning of the year. However, now the scale is changing significantly. Exhausting lines have developed recently at the labor exchanges. The small, rather bad premises cannot accommodate all the visitors. Meanwhile, when any location becomes free, many city bosses will give it up at once to commercial structures while socially important services continue to take shelter in garages and basements (there are such examples also for the employment services).

Municipal authorities, who frequently apply every effort to place their own administrative personnel in spacious apartments, could also, I think, concern themselves with the allocation of normal premises for the labor exchanges with the same zeal. This is necessary not only for the convenience of the visitors, for the accommodation of additional inspectors but, in particular, so that the lists of existing vacancies could be posted on a special stand for general viewing and not be as if it were the "property" of the exchange employee who has it in his file.

Of the 250,000 persons officially acknowledged as unemployed, only approximately half are receiving benefits. This results, in my view, primarily from an inadequately well thought-out and imperfect legal foundation. And what is more the employment service might have been more resourceful.

The rate of the present benefits is 1,200 to 1,400 rubles. But even this, it seems, is not very much. It should have been raised further with orientation at least on a minimum physiological subsistence level (it now exceeds 2,500 rubles on average). Nevertheless some R198 million were paid to the unemployed as benefits during the past six months. The amount is quite a lot. However, in the months that are left until the end of the year the bill will come, I think, to billions already. Is there enough money in the employment fund? "There is no question here," F. Prokopov says confidently. "The government has guaranteed that additional funds will be allocated right away if need be to pay out benefits." We shall put this down in writing so that the government doesn't forget.

However benefits are only a short-term respite. To stimulate the preservation of existing jobs and the development of new ones (this is the task, primarily, of the government and the employers) and to organize broad-scale retraining—these are the main directions. However, training, let's put it bluntly, is going poorly. All told less than 7,000 persons are now attending classes. Against the background of almost a million unemployed this is insignificantly small. A broad network of modern

retraining centers with good training facilities is needed. The list of occupations which are assuredly required today and will be necessary tomorrow needs to be updated. And, finally, you can't do without broad informational and explanatory work.

According to the trade union center's forecast the most strained situation on the labor market is to be anticipated in Arkhangelsk, Murmansk, Leningrad, Tver, Kostroma, Yaroslavl, Kirov, Kamchatka, Kaliningrad and Chelyabinsk oblasts, in Dagestan and a number of other republics, and in Saint Petersburg.

Similar processes are going on in all the countries of the CIS. Life again and again pushes the leaders of the states to combine efforts in the solution of the most important common problems. If one is talking about employment, then there are no doubts that a unified labor market with the visa-less movement of citizens should be created. Documents about vocational training ought to have equal force through the entire territory of the CIS. One cannot allow discrimination of citizens in questions of jobs, wages, social guarantees...

GCTU Appeals to CIS for Firmer 'Union' of States

924A1837A Moscow *RABOCHAYA TRIBUNA*
in Russian 21 Aug 92 p 1

[Appeal by the General Confederation of Trade Unions; place and date not given: "Force of Attraction: From the Appeal of the General Confederation of Trade Unions to the Heads of State of the Members of the CIS"]

[Text] The General Confederation of Trade Unions feels that in the current situation we must address the heads of state of the members of the CIS regarding an issue that, in our estimation, is of unusually great importance for the future of the workers of all the countries of the Commonwealth.

Of late we have received numerous appeals from workers from all the member-states of the CIS that raise increasingly sharply the problem of transforming the Commonwealth into a Union of those states with firmer ties and mutual obligations between its members.

We consider the situation in the economies of the member-states of the CIS extremely alarming. Crisis phenomena are mounting at a rapid pace, the decline in production has taken on a wide-scale nature, and economic ties of many years' standing between enterprises, branches, and regions are collapsing. We are seeing mass unemployment. The standard of living is falling catastrophically: tens of millions of people not only cannot earn a dignified living but are barely clinging to physical survival. The situation is intensified by the streams of refugees from the various rayons and countries of the CIS.

Many problems facing the countries of the CIS, it seems to us, are incapable of resolution in isolation, without uniting the forces of all the states of the CIS. The

attempts made so far to resolve our economic difficulties—for example, at the expense of isolating one country or another or of reorienting to other markets outside the CIS—have not brought success and have led to burdens for the working people of all the countries of the CIS.

It is our profound conviction that imparting the CIS with more real content could be the guarantee for preserving our unitary economic and social space and unitary labor market and for restoring and strengthening peace and calm to our society.

We do not see a union of this type as a restoration of what was the USSR. The sovereign rights of the member-states of the CIS cannot be altered or placed in doubt by anyone, but a higher degree of coordination of efforts, a closing up of ranks on the basis of a recognition of a commonality of goals, of our shared search for ways out of the existing crisis situation, is not only possible but crucial.

The General Confederation of Trade Unions feels that this idea should be brought up for examination by broad circles of workers, trade union members, and all citizens of the independent states. Peoples' desire to unite right now is stronger than ever, and no one has the right to ignore it.

Railway Track Maintenance Issues Highlighted

924A1833A Moscow *PUT' I PUTEVOYE*
KHOZYAYSTVO in Russian No 7, Jul 92 pp 2-3

[Article by V. N. Chikin, deputy chief of the Track Main Administration of the Ministry of Railways: "Control the Condition of the Tracks"]

[Text] The transition to a mechanized method of track maintenance should proceed as the subdivisions and PMS [track equipment stations] are equipped with series-produced machines to improve the state of the rails, increase their reliability, reduce the amount of urgent work to a minimum and firmly ensure train traffic safety.

The traffic safety situation remains alarming, however. In 1991, track workers were to blame for wrecks, accidents and over a thousand cases of work defects.

The worst situation has formed on the Gorkiy, Moscow and Kuybyshev railroads. They are precisely the roads that are better equipped than the others for mechanized track maintenance.

Out of 30 cases of wrecks and accidents, over half occurred because of deviations from the norms of track and switch assembly maintenance; 48 percent of all the cases of defects entailing rolling stock derailment also occurred for these reasons.

Despite the fact that many Russian mainlines are making efficient use of mechanized complexes, the state of the tracks leaves much to be desired. For example, last

year, although the point-scale evaluation as a whole went down to 183 units as against 190 units in 1990, over 6,500 km received an unsatisfactory evaluation. The track workers of the Volga, Southeastern and certain other railroads received an "excellent" here.

At the end of 1991, 1,290 unscheduled warnings, extending over 2,380 km, were in effect on the network. The greatest number of warnings were in effect on the October, Moscow and Gorkiy railroads.

The advanced track maintenance system, set forth in MPS order No 27Ts of 27 July 1987, "On Organizing Mechanized Track Maintenance on the Railroads," is still being only slowly introduced on the network. One of the reasons is the considerable shortage of machines. In 1990 alone, industry undersupplied 459 units, which is 72 percent of the assignment. A similar situation formed last year. Now the roads have no funds to purchase them. The track workers, however, now have at their disposal a park of machines that make it possible to mechanize the basic labor-intensive operations. The subdivisions of 19 railroads have 507 aligning-ramming-straightening machines and 214 nut drivers in operation, and ROM [not further identified] and BUM [not further identified] are coming to the roads.

From the experience of the South Urals, Moscow and certain other roads, in 1991, 11 roads organized 20 sets of machines to perform planned-preventive maintenance in a "window" lasting 3.5-4 hours, which improved the rails over an extent of 3,000 km. These sets did excellent work only on the South Urals, however. Last year, aligning-ramming-straightening machines surfaced 20,500 km, and the track was realigned on 49,100 km of the main route. The average network output per VPR-1200 machine was 89.7 km (in 1990—86.7 km), which is one-fourth less than its technical potential, and as a result, 10,200 track workers were not relieved of heavy physical labor, and an additional 3,500 km were not improved. Only the South Urals railroad achieved an output of over 100 km per VPR-1200 machine. The Kuybyshev, West Siberian and North Caucasus roads had lower than network-average output. VPRS-500 machines improved about 1,000 switch assemblies and over 3,000 km of track. The average output per VPRS-500 machine for the network was 7 switch assemblies and 22.9 km of track, which is 56.2 percent of their technical potential. Consequently, 1,400 persons were drawn into heavy physical labor to take care of the switch assemblies. Some 9,200 switch assemblies were not improved by machines. A number of roads make extremely unsatisfactory use of VPRS-500 machines to align the switch assemblies. For example, on the Northern Railroad, on the average, each machine improved less than ten switch assemblies during the season. These machines are mainly used to align the tracks.

In 1991, PMG power nut-drivers secured 18,400 km of jointless rail strings. The average output per machine for the network was 118.6 km (as against 95.7 km in 1990).

The October, North Caucasus and West Siberian railroads had an output lower than the average network, and the South Urals and Moscow—higher.

Fifty-two R-2000 realigning machines were used in 1991. They aligned about 5,000 km. The average output per machine was 142.2 km, which is somewhat lower than in 1990. The collectives of the Sverdlovsk and the South Urals railroads achieved good results, exceeding the average indicator for the network.

Precision in organizing mechanized maintenance above all depends on prompt and regular granting of "windows." Machines are most efficiently used where engineering "windows," which are specially entered into the train traffic schedule, are provided for and granted regularly.

Experience in use of the *1 of machines on the South Urals Railroad showed that for a "window" lasting 3.5-4 hours, 4,500-5,000 m were improved. As a result, the number of speed reduction warnings for train traffic was less, with work done which improved the state of the tracks.

In 1991, the average length of a "window" was 1.73 hours. While the average length of a "window" on the Volga Railroad was 2.17 hours, and on the Kuybyshev—2.11, on the Moscow Railroad it was 0.99 hours, on the October—1.19 hours and on the Sverdlovsk—1.21 hours. On the average for the network in 1991, 81.3 percent of the number of planned "windows" were granted, and of them, on the Kuybyshev Railroad, 44.7 percent were not granted, on the North Caucasus—20.9 percent and on the Sverdlovsk—24.5 percent.

Many mainlines violate the technological process of planned-preventive maintenance. For example, the October, Volga and certain other railroads do not completely fulfill the preparatory and finishing work accompanying machine aligning of the track, as a result of which the highly productive machines are used on unprepared sections. On a number of subdivisions, the aligning machines are used "as a track-measuring device," often on sections with very contaminated ballast, which leads in the future to a sharp deterioration of the state of the rails.

The poor quality of the planned-preventive maintenance done using machines, their inefficient use, the failure to grant engineering "windows" of the necessary length and other factors are leading to a reduction in track reliability. Therefore, there are still a great many speed restriction warnings for train traffic. For example, the number of warnings has increased over the same period last year on the Gorkiy (by 39 km), the Southeastern (by 115 km), the West Siberian (by 120 km), and other railroads. The number of warnings has been reduced only on the Moscow and West Siberian railroads [sic].

To use the machines more efficiently and, ultimately, to increase the reliability of the tracks, there must be strict adherence to the technology, and also the material

interest of the people in the results of their work. Further introduction of various types of economic incentive and widescale use of collective and other forms of labor organization should contribute to this.

To ensure track reliability, wide use should be made of machine complexes for routine maintenance, and to use them efficiently, "windows" of the required duration must be used in accordance with the work organization plans on each section.

In addition, in order to increase machine productivity, we must not only ensure their high-quality servicing, but also use the complexes in two shifts.

It must be remembered that high-quality maintenance of the tracks makes it possible not only to guarantee safety and constantly ensure the scheduled speed of train traffic, but also to extend the service periods for permanent way elements. In other words, through high-quality maintenance of the rails, actual, and not conditional, there can be an increase in the between-repair periods, and compensation for the shortage of materials to repair the tracks. This is particularly urgent now, when the economic ties between the railroads and the supplier-plants are imbalanced, when prices for items have risen sharply, and the supply of rails, ties, beams and fasteners for the subdivisions have been reduced.

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Government Ordered To Uphold Agreement on Car Purchase Vouchers

924A1825A Moscow TRUD in Russian 20 Aug 92 p 2

[Article by V. Laktev: "The Trial is Over: Constitutional Court Supported Trade Union Lawsuit and Ordered Government To Pay Promissory Notes"]

[Text] It is no secret that for many who live on average wages, a personal automobile is still a fantastic dream. Therefore, in order to entice people to work in God-forsaken places with severe climatic and living conditions, the government has dangled various privileges, bonuses and special wage rates before the "pioneers." Quite often they go "up north" for the sole purpose of earning and purchasing an automobile. Moreover, the government—first the Union and later the Russian Government as well—guaranteed such an opportunity by means of a contract, concluded on the basis of a corresponding government decree, between a worker at BAM [Baykal-Amur Mainline], for example, and Sverbank [State Savings Bank]. That is, a system of special-purpose deposits and checks was widely used, with everyone's knowledge.

We shall explain what kind of system this was, and the rules by which it was to have operated. Over a period of three to five years, a person who concluded such an agreement, deducted part of his wages. When the amount accumulated was sufficient to pay the price of an automobile, the Sverbank institution was obliged to

issue the depositor a special-purpose check for the purpose of purchasing a passenger car outside the waiting list. Consequently, those who received this privilege were in the position of creditor, and the state was the debtor. The system did work, although it was not without its shortcomings.

Late last year the government arbitrarily reneged on its obligation. It became an urgent necessity to stimulate the delivery of agricultural products in the "nation's bread-basket." Naturally, under conditions of general shortages, a truism with which we are all acquainted operates: in order to give someone something (in our case, an automobile), it is necessary to take it away from someone else. And without giving it much thought, that is what we did. The period for issuing checks to the BAM railroad and construction workers for 53,300 automobiles was postponed until the first half of 1992. While violating the rights of the BAM workers, another "hole" was stopped up—they saved the harvest after promising the farmers and kolkhoz workers automobiles outside the waiting list, for their selfless labor. Alas, even this "stimulus" of some at the expense of others was not crowned with success. Neither the railroad workers nor the farmers received passenger cars.

And so they postponed issuing the special-purpose checks for the autos. Those holding these checks quietly grumbled a little, but they took it calmly: It's no big deal. We'll wait. We're used to all that. At least they did not take them away. But right after the first "pill" there was a second, a most bitter one—the liberalization of prices. From a retail price of R16-18,000, the cost of owning a Zhiguli suddenly jumped to R250-400,000. The state-guarantor left the depositors and holders of the special-purpose checks right back where they started. The government made it appear as if it were taking measures to alleviate its blunder: an enactment was established which stipulated partial compensation for the automobile price increase in the form of a 100-percent indexation of special-purpose checks issued before 1 January 1992. However, in essence this did not change a thing. In any event (depending on the model and brand of automobile) the holder of a check was required to pay an additional R200,000 for it.

Some of the railroaders and transport construction workers of BAM were prepared to defend their rights by extreme methods—by a strike or by picketing government institutions. But their branch trade union took another path, characteristic of these days. We give the floor to the chairman of the Independent Trade Union of Railroad and Transportation Construction Workers of Russia, Ivan Shinkevich:

"Our trade union had repeatedly appealed to the government in connection with the extreme dissatisfaction of the people brought about by the situation surrounding the special-purpose checks for automobiles. The reaction was—zero. It might have been possible to try to get the government to carry out its promises by the tried and true strike method. But we rejected that, understanding the severe

economic situation in the country. The trade union decided to try to obtain justice through legal means of influence. We recruited specialists and attorneys, made a thorough case for the trade union's demands, worked out in detail all the questions and came to the conclusion that—the government is not right. But it did not acknowledge its mistakes. We then appealed to the Constitutional Court. The Court restored justice to us, ruling that the governmental decree, which violated the rights of the owners of the checks and its obligations to them, is not in accord with the Fundamental Law of the Russian Federation."

I must admit that I am impressed by Shinkevich's position. Unlike certain leaders of trade unions with a large membership, he did not start out by brandishing the "strike club." I must also say that the Government reacted swiftly to the civilized methods of the trade union. Acknowledging the verdict of the Constitutional Court, it adopted a decree, signed by the President of Russia, "On the Procedure for Compensating the Holders of Special-Purpose Checks for which the Date of Sale of Automobiles Fell in 1991, for the Increased Costs of Passenger Automobiles."

The holders of the checks will pay for the automobile according to the retail prices which were in effect prior to 2 January 1992. Compensation for the remaining amount will be accomplished at the expense of the republic budget, on our account. Those who do not wish to wait their turn under these conditions can receive its cost in cash, but not for more than the price as of 1 July this year.

What kind of conclusions are suggested by this story? The first: the Independent Trade Union of Railroad and Transportation Construction Workers convincingly demonstrated in practice that, in addition to strikes, there is a no-less-effective method of resolving social conflicts—through the court. Secondly, the Constitutional Court once again demonstrated a legal axiom indisputable in civilized countries: that everyone is equal before the law. Both the ordinary citizen and the government are equally responsible before the law.

And one final thought in connection with this topic: In order that the government does not again have to pay for its mistakes from the state budget (that is, from my pockets and yours) and does not show contempt toward the constitutional rights of its citizens, it must scrupulously consider the legal consequences of each of its decisions. Statesmen above all must set an example of law-abidance. Then, mind you, ordinary citizens will also show more respect to that severe lady—Themis [goddess of justice].

REGIONAL AFFAIRS

Socioeconomic Profile of Russians, Other Groups in Republics

924C2096A Moscow NEZAVISIMAYA GAZI 74
in Russian 31 Jul 92 p 5

[Article by Leokadia Drobizheva (Institute of Ethnology and Anthropology of RAN [Russian Academy of Sciences]): "Similarities and Differences"]

[Text] Does the fate of the Union await Russia? Some 11.8 million Russians live in Russia's republics and autonomous oblasts. A great number of Russians live in Tatarstan and Bashkortostan (more than 1.5 million in each republic). About 1 million Russians live in Udmurtia, more than 0.7 million in Buryatia and the Komi republic, 0.5 million in the Sakha-Yakutsk Republic, and 0.58 million each in Mordovia and Karelia.

But it is not only the numbers that are important, there is also the nature of the interethnic relationships of the Russians with the peoples after whom the republics are named.

If importance is based only upon demographic criteria, then the Russians comprise a numerical minority in 11 of Russia's Republics, and in one, Sakha (Yakutsk), half of the population (but together with Ukrainians and Belarus 58 percent), and in all other nine republics Russians comprise a majority of the population. But even there they are experiencing definite political restrictions. Most of the presidents or chairmen of the supreme soviets of the republic are either representatives of the people that give the republics their names or Russians who know the language of that people, which was declared a condition for their election. (The supreme soviets of the republics adopted the appropriate decrees for this reason.)

Prior to the sixties, the social status of the Russians who lived among Russia's non-Russian peoples differed essentially from today's. The proportion of them who were skilled workers and specialists with higher education was, as a rule, twice as high in the republics. By the start of the nineties, the situation had changed appreciably.

In Buryatia the 1970 census recorded a higher level of education for the Buryats than for the Russians. The Buryats' share of specialists with higher education in the republic in the seventies was twice as high as the Russians'. It was higher for the Laktsi in Dagestan and the Adygeys in Adygeya. In the Sakha-Yakutsk, North Ossetian, Kalmyk, Karachayevo-Cherkess, and Khakass republics, and, among the Balkarts in Kabardino-Balkariya, the ratio of specialists with higher education in the population for whom the republic was named was about the same as for Russians, while in Tatarstan, Bashkortostan, and Mordovia it leveled out and varied only a bit (by one-third to one-fifth).

In other republics and autonomous entities, the ethnics for whom the republics are named still lagged appreciably short in this indicator behind the Russians (in the Tuva, Karelian, Chechen, Ingush, Chuvash, and Mari republics by nearly half). But as a whole, social mobility on the part of most of the non-Russian peoples was very high. According to the data of ethno-sociological research conducted by scientists of the Institute of Ethnology and Anthropology AN SSSR [USSR Academy of Sciences] in 1972-1989, more than two-thirds of the workers in Tatarstan, Udmurtia, Chuvashia, and the Mari Republic raised their social status in one way or

another above their parents'. These trends are marked also for other republics and autonomous entities.

The Russians, as a rule, are engaged in advanced branches of production work, except for Tataria and Bashkiria, and the Russians more often also work in high-status positions in production, and they are even more numerous among workers in the sphere of science, and even the arts. They have the feeling, naturally, that they are the basic creators of the material blessings derived from the modern way. But at the same time they are represented inadequately in the most elite groups. Thus, among those engaged in science in Tataria, Russians make up 56 percent, Tatars 35 percent, but the share of doctors and candidates of sciences here is 42 percent for the Russians, 45 percent for the Tatars. In Bashkiria the Bashkiri comprise 17.2 percent in the scientific sphere, but they make up 34 percent of the candidates for sciences, 30 percent of the doctors.

Meanwhile the criteria for social differentiation in society are changing. Property, fortune, and access to authority are the basic ones. In the authority structures, ethnic groups for whom the republics are named have greater representation than their proportion of the population. For example, representation of the ethnic groups that give their names to the republics has increased in the soviets of people's deputies: thus, their representation in Tatarstan's VS [Supreme Soviet] was 57.6 percent in 1990 in comparison with 49 percent during the preceding convocation, in Sakha-Yakutsk's VS the figure was 51 percent in comparison with 48.5 percent for the last convocation. In the rayon and city soviets of these republics they are, correspondingly: Their representation in 1990 was 64.7 percent and 65 percent, respectively, in comparison with 50.2 percent and 57.7 percent during the preceding convocation. Considering that these nationalities do not comprise such a majority in the republic, these changes are very remarkable. Moreover, the peoples for whom the republics are named have considerable advantages now in the leadership of the soviets and the governments. In Tataria and Yakutia, for example, Tatars and Yakuts make up no less than three-fourths of the chairmen of soviets at all levels. In Yakutia 70 percent of the ministers are Yakuts.

The competitive situation between contiguous ethnic groups that has been in existence practically since the seventies now become exacerbated, naturally. A reflection of this process is the migration flow. Before the end of the eighties the population of the Russian republics was increasing both through natural reproduction and through the large number of arrivals in comparison with the departers. But back in 1985-1987 an outflow of the Russian population from the Komi Republic, Buryatia, and the Nenets and Chukotskiy okrugs began. In 1990 this process was observed in the Sakha-Yakutsk Republic and Yamalo-Nenets and Khanty-Mansiyskiy okrugs. After the interethnic conflict in Tuva in 1990, more than 10,000 people left.

The Russians who are in the middle of populations of non-Russian nationalities are feeling more sharply the explosion of ethnic consciousness which we now see everywhere—from Tatarstan to Sakha-Yakutsk, from Komi and Karelia to North Ossetia, Chechnya, Ingushetia, and Kabardino-Balkaria. The explosion of ethnic consciousness has an objective base under it. That which occurred at the end of the sixties and the start of the seventies in polyethnic Western countries (the French Canadian-English Canadian conflicts, the Fleming and Walloon tensions in Belgium, and so on), and that which ripened at the end of the seventies and the start of the eighties in the USSR's Union republics (with a certain interval at the end of the eighties and the start of the nineties) is also occurring in Russia's former autonomous entities.

The Russians' reactions to the conflict situations in various republics have been ambiguous. In areas of open clashes and armed conflicts—there has been departure. This characterizes the situation in Tuva and the North Caucasus. In most republics the Russians' behavior will depend upon both the mutual relationships of the Center and the republics, and the situation within them.

Unfortunately, the basic foundations for rivalry between the ethnic communities within the republics already existed, just as it did between the central authority in Russia and the republics. The main ones:

1. The changed social status of the peoples, the claims of the peoples for whom the republics are named for change in social and political roles and the Russians' fear of this.
2. The presence of a substantial layer of the people's own intelligentsia, which provokes an increase in ethnic self-consciousness, the intelligentsia of the peoples of the former autonomous entities comprising, as a rule, a small share of the productive intelligentsia and the scientific and technical intelligentsia but a great share of the administrative, managerial, and large-scale intelligentsia (teachers, workers of educational institutions), and there is the artistic, creative, and scientific humanitarian intelligentsia, that is, those whose professional interests intertwine with the interests of the ethnics.
3. A whole ideology of ethnic consciousness has already been formulated. Ideologems, as a rule, repeat precisely those normalities which the peoples of the new states have. These are the ideas of damage to their language and culture during the years of the totalitarian regime, provisioning for the ecological safety and demographic reproduction of the ethnic group, restoration of the historical memory of the former state on the part of the people who had it, and, finally, an understanding of ethnic interests, not only of ethnic and cultural but also of economic and political independence. The example of the former Union republics acts infectiously on the ethnic elite of the former autonomous entities, who do not want to miss their chance.

But there are also considerable differences in the situation in Russia from that which existed in the Union:

1. The movement for independence in most Union republics was perceived by the peoples for whom the republics are named to be not only socially but also personally valuable. There are no such large-scale movements in most RF republics today.

2. In Russia there is practically no precedent for the assumption of authority by ethnic democratic leaders. As a rule, the representatives of the former power structures, who adopted ethnic ideas and slogans, are in charge in the republics.

3. The situation in Russia differs basically in that most of its republics do not have foreign borders (except Karelia, Yakutia, Tuva, and Buryatia, and the North Caucasus republics).

4. Not a majority of the peoples, as it was in the Union republics, but a minority of them had their own state in the historical past.

Russians comprise the dominating ethnic mass in Russia as a whole (82 percent). A survey of the Russian population in Moscow that was conducted in May by the Ethno-Sociology Section of the Institute of Ethnology and Anthropology RAN (1,000 people) showed that, with 18 percent abstaining, the majority of the remainder (52 percent) consider that the republics should not have the right to leave the Russian Federation.

One can expect that such an opinion is spread still more widely among Russians in other cities.

The articles were prepared on the basis of reports made at the conference, "The Fate of Russians in the Republics of the Former USSR," which was held in two stages in Washington and East Lansing (U.S.). A well-known sociologist, professor Vladimir Shlyapentokh of Michigan University, conceived and organized it.

Criminal Proceedings Against Tatar Official for Defaming President

924C2179A Moscow ROSSIYSKAYA GAZETA
in Russian 18 Aug 92 p 2

[Article by ROSSIYSKAYA GAZETA correspondent Dmitriy Mikhaylin, Kazan: "Unprofessionalism, or Political Engagement?"]

[Text] The procuracy of the Republic of Tatarstan has initiated a criminal case against Valentin Mikhaylov, deputy to the republic's Supreme Soviet.

Everything began with the statement made by S. Akhmerova, the chairman of the so-called people's committee "Defense of the President of Tatarstan" (which exists in Kazan), who perceived in V. Mikhaylov's statement at the 8th Session of the RT [Republic of Tatarstan] parliament instances of insults directed at the president.

I have used the term "so-called" because this committee is not registered at the Tatarstan Ministry of Justice (where all such public organizations are supposed to be registered). Therefore one can speak only conditionally about its chairman. Nevertheless, in the resolution dealing with the initiation of the criminal case, which was signed by Acting Procurator M. Musin, just as in the letter to V. Mikhaylov that was signed by senior investigator R. Azgamonov, one reads the following words: "... according to a statement made by the chairman of the 'Defense of the President' people's committee."

Moreover, Farid Zagidullin, chief of the investigation unit of the RT procuracy, stated that the fact of registering a public organization does not have any legal significance.

Valentin Mikhaylov is accused of insulting the president. M. Musin cited as examples of such insults quotations allegedly taken from V. Mikhaylov's statement at the 8th Session of the RT Supreme Soviet. In particular, the acting procurator feels that V. Mikhaylov said, "...The president runs government affairs in a dishonest, deceitful manner with the purpose of deceiving the nation..."; "and now we see the same kind of massive violation of the law here, and it is coordinated by the very same people who controlled the events of 15-16 February." That ends the quote of Mikhaylov's words, but Musin's quotation continues: "Keeping in mind the fact that the forces that lay claim to state power convoked the *kurultay*, they organized an illegal action (the breaking up of the 15-16 February 1992 congress of the democratic forces of the republics making up Russia), and that all these violations of the law are being carried out in accordance with a scenario that was proposed by the president..."

I do not know what Valentin Mikhaylov had in mind, but I have examined the stenographic record of the 8th Session of the Tatarstan Supreme Soviet. This is what I discovered there: at a meeting of that session there was discussion as to whether or not it was desirable to put the draft of the Constitution to a referendum. I would like to quote verbatim the part of the statement made by deputy Mikhaylov that so troubled citizen Akhmerova, and, following her lead, serious people with higher legal education:

"According to this draft it turns out that the Supreme Soviet will contain 75-100 deputies from the Republic of Tatarstan... That means that there are no guarantees that, the day after the referendum, a new election won't be announced to elect the deputies for a new convocation, and what will happen is that it is not the Supreme Soviet that is making the decision for the preterm election... but the president running the state affairs, including the creation of the republic's Basic Law [Constitution] and including, actually, the dissolution of the Supreme Soviet.

"The putting of the Constitution to a referendum (and, for now, I shall not discuss the legal aspect of the case) is,

in addition, simply a dishonest, deceitful maneuver with the purpose of deceiving the nation."

I might recall once again that the topic of discussion was whether or not the Supreme Soviet should make a decision to put the draft of the Constitution to a referendum. And so I leave it to the reader to form the opinion as to whether or not V. Mikhaylov insulted the president.

The chief of the investigation unit of the RT procuracy rejected all the accusations of falsification, stating, "In this document, in abridged form, the conclusion is made that Mikhaylov expressed himself in this manner" and "every individual (in this instance, the investigator) is free to treat everything in his own way..."

Allowing the reader to reflect on all of this, I shall say a few words about this case, which is at least a strange one. One fact, for example, that seems interesting is that for two months the "person under investigation" did not even know about that. Because the case was initiated in April, but V. Mikhaylov did not find out about it until June, and even then it was by means of his getting personally in touch with Sayfikhon Nafiyev, the new RT procurator, that he got the documents. Of course, the criminal-proceedings legislation require the procuracy agencies to report the initiation of a case only to the claimant; it is not mandatory to inform the defendant. Although, of course, it is possible. Especially since, in this instance, we are dealing with a deputy...

Another interesting fact is that R. Azgarnov, the procuracy's senior investigator, having called the people's deputy to his office, threatened him by saying that if he did not appear, he would be "subjected to being brought in by force through the militia agencies." Although, in conformity with Article 22 of the law entitled "The Status of the People's Deputy of the Republic of Tatarstan," the forcible bringing in of a deputy, like the inspection of his personal belongings and his transportation, is not authorized.

The chief of the investigation unit of the RT procuracy explained this by the youth and inexperience of senior investigator R. Azgarnov. Be that as it may, V. Mikhaylov did not go to see the procuracy's senior investigator, but instead went to S. Nafiyev, the RT procurator, who reported to Valentin Vakhtangovich that the case had been initiated correctly.

Valentin Mikhaylov, RT people's deputy (who, incidentally, is a member of the parliamentary Narodovlastiye [Democracy] faction that is oriented toward Russia), evaluated these actions by the Tatarstan procuracy "either as profound unprofessionalism, or as political engagement." He also emphasized that whereas, with regard to the president, he had not said any words about a "dishonest, deceitful maneuver," with regard to the procuracy he was completely capable of stating them. "This case, which was initially a political one, has deliberately been given a legal, criminal coloration," V. Mikhaylov said.

In connection with this it turned out that, as soon as the president assumes his post, the parliament, acting on his behalf, immediately enacts a law protecting the president's honor and dignity, which can be said not only with regard to Tatarstan. In the civilized countries everything happens slightly differently: there the state recognizes the existence of honor and dignity for all the citizens, irrespective of their place of work. We want to become a normal country, but for the time being we remain witnesses to the manner in which, in the name of executing one law, a large number of other laws are violated, and to the manner in which, in the name of defending the honor and dignity of the president, the honor and dignity of a people's deputy are insulted. Especially since, after the recent cancellation of the criminal case against Mikhaylov with the formulation that, "because of the lack of a *corpus delicti*," the procurator did not deem it necessary even to excuse himself to the people's deputy.

I won't ask the rhetorical question, "Who benefits from this?" Because, even if this is beneficial only to a few, there are very few hopes that the time will ever come when our honor and our dignity will be safely independent of political views. Today, however, more than a fourth of the deputies in the Soglasie [Consent] and Narodovlastiye factions in the Tatarstan Supreme Soviet that are oriented toward Russia have court investigations.

Cossacks Storm Karachayevo-Cherkess Public Building in Protest

924C2186A Moscow NEZAVISIMAYA GAZETA
in Russian 14 Aug 92 p 2

[NEZAVISIMAYA GAZETA report: "Cossacks Stormed the Rayon Executive Committee"]

[Text] Vladimir Khubiyev, acting head of administration of Karachayevo-Cherkess almost became hostage of Zelenchukskaya Village Cossacks.

The event occurred while the rayon soviet was in session. V. Khubiyev had nominated his candidate for head of rayon administration. However, most deputies had voted in favor of N. Lyashenko, the local ataman.

At that point, as was his right, Khubiyev vetoed the resolution. In answer to this act, armed Cossacks, joined by the population of the neighboring village in Krasnodar Kray, tried to invade the rayon executive committee building. A clash with law enforcement personnel ensued.

As reported by Boris Erkenov, deputy head of the oblast MVD administration, several criminal cases have been filed for illegal bearing of arms by the Cossacks and for opposing militia personnel. According to him, the situation in the rayon is now stable.

'Irregularities' in Chechnya Banking, Monetary System Reviewed

924C2186B Moscow NEZAVISIMAYA GAZETA
in Russian 13 Aug 92 p 4

[Article by Mikhail Chernyshev: "'Chechnya' Billions and the 'American' Banking System; A Criminal Dance Against the Background of a Declining Ruble"]

[Text] The case of the "Chechnya" money is currently being described as the affair of the century. A curious paradox may be seen in this type of criminal cataclysm: The more loud and obvious a case, the more difficult it is to try it. In this case as well, it is a question of tens of billions of rubles. In a cashless transaction they were transferred from Chechnya and elsewhere to Russia. From there, packed in suitcases, stuffed with large denomination notes, they were flown back to the Northern Caucasus. Tens if not hundreds of people are involved in this case but the situation is not clear at all.

What happened? In the initial versions which described the affair of clever Chechnya bankers, not all data were consistent. The amount of money involved fluctuated, according to various assessments, ranged from 25 to 100 or even more billion. Given Chechnya's small size, turning such an avalanche of false papers loose is impossible. Consequently, another hypothesis appeared: Although the bank documents may be from Chechnya, they had been prepared in an entirely different place. Be that as it may, the local press continues to report that so far the market in Grozny is crowded with false payment orders—letters of credit—which can be purchased very easily.

As a whole, the affair is striking by its brilliant simplicity. Professional thieves have always made use of incredibly complex technical instruments: they have invented phenomenal money-laundering schemes, stopped mail trains, or blown up armored trucks. Henceforth, such people will be classified as nothing but pitiful amateurs. All that it takes is to draft or purchase on the market a simple little paper known as a "letter of credit" and all banks of the state open by themselves. There is no need to kill or give chase.

"In principle, how could such an affair last all that long? Are there still reverberations?" Such questions are being asked by a very competent person, Igor Antonov, Unikombank chairman of the board. "One or two false papers may pass unnoticed. In this case, however, there was a flood of cash and how is it that no one noticed it?"

"I think," his interlocutor added, "that this was the result of an array of reasons. Someone in Russia wanted quite quickly to transplant the system of American commercial banks on our Russian soil. The U.S. banks, however, are maximally computerized and equipped with superb communications facilities. Checking an account takes a few seconds. And here? It takes months for documents to be moved around. The controlling services are not responsible for anything. Huge gaps

appear within the system, and they were used by quick-witted people. The most unpleasant aspect of this matter is that despite the tremendous scandal the mechanism of abuse has still not been stopped. Temptations are great, and many people are trying and will continue to try to drink from that source."

According to Antonov, the decisive factors in this case were, on the one hand, the incompetence of lower-level bank personnel and, on the other, irresponsibility and abuse in the higher financial structures. Currently "specialists" are employed by the small commercial banks, who are sometimes totally incapable of determining the legitimacy of various types of documents. Becoming a financial expert requires proper higher training and no less than five years of practical experience. Today anyone who wishes may claim to be a "banker."

All commercial bank operations must go through the Russian Central Bank and its clearing-cash centers. The requirement is proper. However, the lack of efficient means of communications has led to the fact that whereas in the past the cycle of document turnover took 10 days, today it takes one month or longer. The entire accounting system among banks has proved to be totally unprepared for work under market conditions.

"Increasingly, the press is hinting that it is precisely the RKTs [Clearing-Cash Centers] and their structures that are the reason for the abuses...."

"It is not we who are pointing the finger, but it is a fact that the RKTs occasionally engage in extraneous functions and are totally uncontrolled. It is especially in those centers that order and competence are particularly important, yet neither are apparent... We sometimes receive documents from a financial institution without having the slightest idea about the nature of that institution and it is virtually impossible to check its reliability...."

This was said in one of the biggest Russian commercial banks located in the very center of the capital. In that case, what is there to say about the "petty" banks which have multiplied throughout the country like sickly mushrooms after acid rain?

It is precisely in the distant areas that most frequently false payment documents originate, for alleged deliveries of farm products or alleged completion of construction work. Subsequently, such documents become suitcases full of good-quality bank notes, to the advantage of fictitious cooperatives or small enterprises. One of the features of our financial system is that the farther a piece of paper is from its place of origin the more difficult it is to stop it.

Even the slightest pretext triggers our insane love for appointing commissions and investigation brigades. The sacrilegious thought that frequently appears is that perhaps such commissions are being set up so willingly and rapidly for the sole purpose of removing faster the tracks

which may help us to find out the truth? In any case, the "Chechnya affair" promises to become a classic example of this suspicion.

When similar machinations were exposed by the middle of May in Kabardino-Balkariya, which neighbors Chechnya (the event was reported by NG), the view of the militia personnel was that detentions and investigations helped shed additional light on the secret of the Chechnya money and reveal a number of names, above all those of banking personnel. However, no such names were made public. The investigators in Moscow and Grozny, meanwhile, took an almost full month to establish jurisdictions—who should go where. On the higher levels hints were traded. The Chechnya side let Moscow understand that it was the high financial officials belonging to the Russian banking system who were above all to be blamed for originating the "Chechnya" money....

It was shortly afterwards that Georgiy Matyukhin, holder of the highest financial post of chairman of the board of the Russian Central Bank, resigned. However, this was not because of involvement or noninvolvement in this huge confusion which arose within the country's financial system, but "for reasons of health." He was replaced by Viktor Gerashchenko, the former head of the State Bank.

However, even before there was a change of the guards, the Russian Central Bank, from which 25 billion rubles had been stolen, tried to shift this loss to the commercial banks which, in turn, tried to make their clients pay for the "mistakenly transferred money."

In one of the first interviews he granted after his appointment, Viktor Gerashchenko said that it was pure coincidence that the money stolen from the state was described as Chechnya money, the documents having originated at the Chechnya bank. According to the acting chairman of the board of the TsBR [Russian Central Bank], everyone was to blame: from the nonprofessional banking employees who had failed to check the origins of the hundreds of millions of rubles, to the Central Bank which had sinned by either giving wrong answers to the questions asked by the commercial banks or else had delayed checking the documents. The decision to debit these funds from the accounts of the commercial banks was made under administrative pressure. This decision is quite vulnerable from the legal viewpoint.

Something that is well-familiar could be seen behind such cautious statements: Whenever everyone is accused no one ends up guilty. However it is quite specific individuals and commercial structures who must pay for such a collective blunder with quite specific cash. Currently, some of the money lost by the victims is being repaid. However, how long will this process of withholding and repaying take? Once again, the air is filled with hints and innuendoes.

As manager of the TsBR, Georgiy Matyukhin has frequently complained of the gross interference of the Russian authorities in banking matters, thus essentially blocking the possibility of establishing any kind of order

and legality. A recent article in IZVESTIYA openly discussed the impropriety of the interference by Ruslan Khasbulatov, the Russian Parliament speaker, in the matter of the "Chechnya money," linking the departure of Georgiy Matyukhin precisely to this affair and not to his state of health. What kind of secret link is there in this chain of events?

Curiously enough, even specialists in areas related to banking are convinced that not exclusively bankers are involved in this "Chechnya affair."

"Unquestionably," said a noted military finance official, in commenting on the situation, "we have come across an old-established and well-organized system of converting cashless into cash funds. It was successful only because a member of this 'big family,' having lost all sense of proportion, started using suitcases. This process stumbled for lack of actual cash."

Obviously, there will be no "moment of truth" whatsoever until matters reach the upper managerial banking level and the political structures. After all the talking, a feeling develops of participation in some sort of mystical tale in the style of Mikhail Bulgakov: We have become involved in some kind of witches' dance, and the main performers and the producer of this show remain totally invisible, as though incorporeal.

"Did this Chechnya story affect you in any way?" I asked Antonov.

"Until recently everything appeared peaceful. Recently, however, one of the bank's departments received a deposit of three billion mysterious rubles."

SIBIRSKAYA GAZETA Excerpts on Schedule for Siberian Independence

924C2153A Moscow NEZAVISIMAYA GAZETA
in Russian 6 Aug 92 p 1

[Article by Andrey Sobolevskiy: "The Siberian Path: An Attempt at Prediction: A Scenario for the Possible Separation of Siberia from Russia in 1995"]

[Text]

Hair-Brained Schemes

NEZAVISIMAYA GAZETA is publishing excerpts from a two-part article that appeared in SIBIRSKAYA GAZETA issues No. 23-24. This publication carried material under the rubric "Firm Theme"; however, it seems to us that the problem raised by it will be of interest to readers beyond the Siberian region.

Andrey Sobolevskiy, a Siberian publicist, quite some time ago appeared in the local press with a position that is best characterized by a quotation from his own text: "In general, it is obvious just how stupid it is to live in Siberia and be a centralist..."

First Stage: Consideration of the Theme

This stage has not only begun, it has gone through several developmental phases. From modest hints to statements on the subject. From correct polemics to obvious defamation. From a provincial curious incident to a real danger for the status of the "one and indivisible."...

The discussion "Russia-Siberia" will spread in all its forms to the extent that Siberians' hopes associated with the Yeltsin-Gaydar reforms are shattered. At the juncture of summer and autumn of 1992 (a poor summer, raw, cold, and landless), the preponderance of supporters of Siberian sovereignty will begin gradually to grow. Around November-December 1992 the dispute will be conducted not so much about whether sovereignty is useful or harmful as about which version of sovereignty to choose.

It is precisely from this moment that there will be a beginning of the...

Second Stage: The Great Advocacy

As soon as the supporters of the sovereignty of Siberia receive an obvious preponderance (both in "number" and "ability"), and as soon as the discussion is conducted not so much with them as among them, the separatist community will realize the need for an authoritative appeal to the most ill-matched social groups. Respected personalities will begin to stand out among the heterogeneous "white-greens." No, these are not the future leaders of the movement. At present, these are people who will be listened to...

Scientists and artistic intelligentsia. It is precisely these people who will become the authors of the most popular manifestos, speeches, and appeals to Siberians.

Second Stage (Parallel): An Attempt at Example

Nevertheless, entrepreneurs and enterprises are fated to play their role in the process of the sovereignization of Siberia. And the first "ball in the pocket" will be the hewing of a window to the outside world. From a secondary market for the sale of old Chinese clothes, Siberia is slowly being transformed into a sphere of business dealings. There are more and more exchanges, fairs, meetings, conferences, and trips in both directions—incidentally, on a noncommercial basis also.

The state "maintains" a limit on overburdening. As an owner, as an administrative structure, and as a pressure apparatus... But the resources of stability are at a limit. Most of all, human resources. New waves of strikes are beginning. In all occupations and for indefinite periods.

The state is growing weaker before our eyes. Russia no longer has the strength to perform as the arbiter "on the neighboring side" in the Transcaucasus, or the Dniester. The Kremlin is yielding in one move after the other to the Kazan Kremlin, as it previously yielded to tiny Chechnya...

Probably the soil will be ready for sowing even before the agrarian season. Sometime in March 1993...

Third Stage: A Leader

Two leaders will most likely stand at the head of the social movement for the sovereignty of Siberia in the spring of 1993. A Democrat and a Conservative. The first will orient himself on a maximum program, and will lead the most impatient and consistent supporters. The second will continuously examine the point of view of the territorial authorities and their associations, and he will act in the surroundings of members of the "Siberian agreement." He will be supported by "solid people" who want not to lose what has been acquired but to acquire more.

There is a competition between them that sooner or later will lead to a conflict.

Fourth Stage: From Conflict to a Bloc

I surmise that it will appear in an open form in April-June 1993. For the Democrat—the press, rallies, the impatience of small owners, and the longing of the broad masses who are troubled by the vibrations coming out of the Kremlin. For the Conservative—those powerful in this world who have already changed the tricolor flag in their lapels for the two-colored flag. Significant groups of the population, who perceive the advantages of sovereignty but fear extremes, are with them.

Up to the indicated spring period the conflict will develop, so to speak, in the form of an internal party discussion. On the level of competition of programs, wording of documents. In the aforementioned forms of the sport, the Democrat, of course, will prove to be the stronger. He will surpass the opponent both in the number of his arguments and in their quality, and simply in style and the ability to stand firm. But on the side of the Conservative is the art of political intrigue. And at a certain stage of the conflict the governors, directors of enterprises, bankers, and stockbrokers will begin to group themselves closer and closer to the Conservative. Naturally they will have a greater kinship with the leader who is able to persuade Moscow to make voluntary concessions, and not with the one who intends to press them with unpredictable consequences...

It is most likely that, having gone through stormy summer debates, the conflict will end in an internal compromise in August-September. Why?

Well, because the Democrat and the Conservative will become more necessary to each other than they themselves realize. Each will have to reinforce his own detachment with persons from somewhere else...

But the main force that will gravitate the leaders toward each other is the realization that the objective is not attainable by going it alone. To embody the idea of a sovereign Siberia is not within the power of adherents of either the "left" or the "right." They will unite and

organize a diverse community of like-minded people. Several firm concepts will live in the mass conscience:

...The impotence and hostility of the Russian and Moscow authorities.

...The strength and reliability of the regionalism movement.

...A better share, earned by many years of poverty and plunder...

And in this situation a mass movement will occur towards the authority of the wealthy under the white-green banner. Mayors and governors, military and militia ranks, and industrialists and bankers will see which way the wind is blowing. And they will set sail. At first... simple people will try on the free clothing of citizens of their own country. But later, people who are not simple will try on the mantle of its future leaders.

I suppose that trying on the mantle by the "upper strata" and the dissemination of two-colored caps by the "lower strata" will take about one year. By comparison with the tempos that I assumed for the earlier events, this is a lot. But do not forget: Everything described above concerned hundreds and thousands of people.

Now the count has moved to other orders of magnitude.

Fifth Stage: Hagglng and Compromise

Events will assume the form of negotiations of the president and government of Russia with the leaders of the Siberian movement and with representatives of the electoral organs of local authority. Appointed governors and various vice-governors will interrupt and prolong negotiations. Negotiations will end up in a blind alley several times, inasmuch as each of the sides will make several attempts to speak from a position of strength: "We will turn off your faucets!—And we will turn yours off also!" etc.

Both sides will reject appeals to the will of the masses and the conduct of a referendum. Moscow—because of the Tatar syndrome, and Siberia—because it remembers the results of the famous "referendum on the fate of the USSR."

The side under the name of "Siberia" will be represented by the territories of the Western and Eastern Siberian economic rayons. Yakutia, Buryatia, and Tuva with Khakassia will "stay on the sidelines" until the very last.

In view of everything that has been outlined, the process will take no less than a year. A compromise will be reached no earlier than 1995. In its most general form, it will look like this.

State Status. A sovereign state—a subject of international law. Its own symbolism. Its own law, beginning with the constitution. The entry of those "on the sidelines" to the rights of special subjects. In addition, specifically for Siberia, a state treaty with Russia. The latter, in partnership with Siberia, receives special rights for an indefinitely long time.

Security. Its own armed and police forces. A renunciation by Siberia of weapons of mass destruction. At the same time, unified strategic planning, outer space and air defense systems, and coordinated deployment of Russian troops in Siberia. Reciprocal extradition of criminals.

Economics and Finance. An independent Siberian budget and treasury, its own system of taxes and control over the import and export of goods. At the same time, mandatory export to Russia of energy and a number of raw materials positions within the scope of quotas at favorable prices. In exchange, Siberia receives the favorable import of other commodities. The establishment of a compulsory "assessment" in the area of extracted precious metals and stones carted away by Russia. The most difficult concession—the preservation of a single ruble. A small equalizer—a number of agreements that ease the dependence of Siberian banks on the Central Bank of Russia.

Citizenship. Separate Siberian citizenship in accordance with its constitution. In addition, unimpeded entry-exit for citizens of Russia and the absence of nonpolitical advantages for Siberian citizens.

Life Support. The continuation of dual control and the dual support of Russia and Siberia with respect to the Trans-Siberian Railroad, the Northern Maritime Route, air corridors, and the main power transmission lines. An agreement on mutual actions in emergency situations.

Epilogue: The Landscape after the Battle

The economic order will not be established immediately. The aggregate of all the old economic and financial dependence relationships more or less will affect it longer than all of the dates that have been predicted. There will be defects and deviations that are inevitable in any acquisition of freedom. Nor will mistakes be avoided in the formation of its own legal system. National problems will be shaken out for a long time, and unjustified privileges here are almost as damaging as discrimination...

No, neither a Kuwait nor a Singapore will be formed out of Siberia in a short period of time. And the main result of sovereignty will be not an automatic resolution of all problems but everyone's coming together to resolve these problems. The main advantage of independence is curtailment of distance. A simplification of participation in common affairs. It is this that is the first fruit of sovereignty. The rest has to mature...

Housing Official Outlines Moscow Privatization Effort

924C2191A Moscow ARGUMENTY I FAKTY
in Russian No 31, Aug 92 p 3

[Interview with N. Maslov, chief of the administration for the privatization of the housing fund of the capital of the Russian Federation, by L. Grunicheva; date and place not given: "My Home—My Property"]

[Text] Moscow is for now ahead of all Russia with respect to the number of homeowners. It's not easy to be an owner. Many questions and problems arise. We have asked N. Maslov, chief of the administration for the privatization of the housing fund of the capital of the Russian Federation, to answer them.

[Grunicheva] Nikolay Vasilyevich, how many apartments have been privatized in Moscow?

[Maslov] There are more than three million apartments in the capital's housing fund. Over 150,000 tenants have become owners of housing.

[Grunicheva] What documents confirm the right to ownership?

[Maslov] An agreement concerning the conveyance of the apartment into ownership and a certificate concerning the registration of this right.

[Grunicheva] What is impeding privatization?

[Maslov] Several factors. Few apartments are being conveyed into ownership from the so-called departmental housing fund.

Many state enterprises, having become joint-stock companies, are attempting to also include housing in the charter fund. You see then this real estate can be used at their own discretion: to sell, to lease.

There are also many problems with the privatization of rooms in communal apartments—one needs the consent of all the tenants for this. The government of Moscow is now working out new regulations. Exceptions will be made for pensioners, disabled persons and native Muscovites.

[Grunicheva] Who has privileges in the privatization of housing?

[Maslov] Nobody. The privatization of an apartment formerly cost a Muscovite 342 rubles. Since 1 June the payment has risen to R840.

[Grunicheva] Many do not want to become the owners of housing, apparently fearing too great a real estate tax.

[Maslov] The tax which an apartment owner will pay is not high—0.1 percent of the recorded value of the housing. If a house was built, let's assume, 20 years ago, then a one-room apartment with an area of 20 square

meters in such a house is appraised at R600,000. This means that its owner will pay a tax of R600 a year.

[Grunicheva] An apartment on the Arbat will cost the taxpayer more dearly than one in some remote district?

[Maslov] Naturally. The use values of an apartment are estimated not only by the location of the house but also by the improved quality of the house and even by the ecological character of the region where it is located.

[Grunicheva] The rent for those who have not wished to privatize their housing, will it be distinguished by anything?

[Maslov] In summary, the tax on an apartment conveyed to ownership should be less than the rent payment. The explanation for this is simple. If the housing has been privatized, this is already property which you will maintain yourselves.

[Grunicheva] That means that the REU [Rayon Operations Administration] or the residential building maintenance office will no longer send a plumber...

[Maslov] Don't worry. It will send one if, in privatizing the apartment, you conclude a special contract for its service.

[Grunicheva] Will the price for services be stipulated by the contract?

[Maslov] No. As yet the housing market is still only being established and the payment will be the same as it was before.

[Grunicheva] Under privatization all documents are registered officially to the responsible tenant. What rights to the apartment do the remaining family members have?

[Maslov] In principle an apartment is to be conveyed into possession as joint property. However, in concluding the appropriate contract, it is possible to stipulate different variants: each one makes his own choice. But in any case the apartment remains common property: not one of the family members has the right to dispose of it independently without the consent of the others.

[Grunicheva] Okay, but how "is the house divided" when the spouses divorce and to whom will it be left in the case of the death of a lone tenant?

[Maslov] Basically the court determines the right of possession in such cases.

[Grunicheva] Tell us how many apartments will one person now be able to have?

[Maslov] As many as he can buy.

INTERNATIONAL AFFAIRS

Kuril Islands Dispute Viewed

Opinions of 'MFA Experts' Considered

924C2108A Moscow ROSSIYSKIYE VESTI in Russian
11 Aug 92 p 2

[Article: "The South Kuriles Is in an Ocean of Problems"]

[Text] There are different options in government circles, in parliament, and in public opinion for solving the problem. In order that the reader may understand the whole complexity of the question and see the broad spectrum of opinions, today we present the point of view of leading experts of the MFA [Ministry of Foreign Affairs] and the position of certain deputy factions in parliament, as well as approaches which are being developed under the guidance of the Government.

From the Viewpoint of History

Who first opened up the South Kuril Islands? Some one bright figure, or some such, we say. There was no Columbus here. Our scientists' research show that Russians visited the South Kuril Islands area for the first time in 1721. This was the expedition of geodesists I. Yevreinov and F. Luzhin. Then in 1738-1739 the M. Shpanberg expedition visited the islands. The Japanese assert that several islands of the southern part of the Kuril Archipelago belonged to the Principality of Matsumae, which was located at Hokkaido, and that a map of the possessions that he presented to the central government of Japan back in 1644 testifies to this.

The Russians were assimilating the Kuril Islands from the late 17th to the early 18th centuries through Kamchatka from the north, the Japanese from the south. In this case it is clear that the primordial population nationality were the Ainu. These islands cannot be considered either native Russian or native Japanese territory. Simultaneously, colonization of the Kuriles by the two sides went on. As a result, it came about that Urup and other islands to the north were possessions of Russia, and Iturup, Kunashir, Shikotan, and Habomai belonged to Japan. There are documents that testify to the fact that in the early 19th century Russia consented to such a division of spheres of influence.

Later, in 1855, this territorial delimitation was recorded by the Treaty on Trade and Borders between Russia and Japan. In April 1875 still another treaty was concluded, under which Russia ceded to Japan the islands from Urup to Shumsu in exchange for the right of sole possession of the Island of Sakhalin. (Before this, the Island of Sakhalin, in accordance with the treaty of 1855, was in the joint possession of Russia and Japan). Under the Portsmouth Peace Treaty, in 1905 Russia was forced to cede to Japan the southern part of Sakhalin. In regard to the Kuriles, the treaty of 1875 continued to operate.

It remained in effect even after the fall of Tsarist power and was not revised right up to 1945, when the Soviet Union repudiated the Japanese Neutrality Pact and on 9 August 1945 declared war on Japan. The 11 February 1945 Yalta accords of the three great powers—the USSR, the U.S., and Great Britain—on questions of the Far East specified, as one of the conditions for the USSR's entry into the war against Japan, the transfer of the Kuril Islands to the Soviet Union. According to the Potsdam Declaration, Japanese sovereignty was limited to the islands of Honshu, Hokkaido, Kyushu, and Shikoku and to smaller islands which the allies indicated. In the Act of Capitulation, Japan committed itself to carrying out the provisions of this declaration.

In August and September 1945 the Soviet Union occupied the islands of Kunashir, Iturup, Shikotan, and Habomai. These territories were included in the composition of the RSFSR's South-Sakhalin Oblast. According to the San Francisco Peace Treaty of 1951, Japan gave up all rights and claims to the Kuriles and the southern part of Sakhalin. The Soviet Union, however, did not sign this agreement. And according to Article 25 of this same treaty, it was deprived of the opportunity to obtain under it any kind of "rights, legal grounds, or advantages." To put it more simply, the Kuriles stopped becoming Japanese but did not become Soviet. Exploiting this circumstance, Japan in 1955 presented to the USSR claims for all the Kuril Islands and the southern half of Sakhalin. As a result of two years of negotiations between the USSR and Japan, the positions of the sides were brought closer together: Japan restricted its claims to the islands of Habomai, Shikotan, Kunashir, and Iturup, and the USSR consented to transfer only Habomai and Shikotan to it, after a peace treaty was signed.

This concluded the first stage of a Soviet-Japanese peace settlement. The Joint Declaration of the USSR and Japan, under which the state of war ceased and diplomatic relations were restored, was signed and ratified. It was decided to continue peace-treaty negotiations.

However, in 1960 Japan signed with the U.S. a new security treaty (in place of the old one which had existed since 1951). Under this agreement, the right of the U.S. to keep its forces on Japanese territory was confirmed. And then the USSR declared unilaterally that the commitments to transfer the islands of Habomai and Shikotan to Japan could be carried out only after the withdrawal of all foreign forces from its territory. Later the Soviets treated their refusal to fulfill their commitments as unconditional and absolute.

From the Point of View of Law

Finally, the fact of who first opened up the islands and colonized them is of importance in determining the rights to some territory or other. But one must consider that a later treaty consolidation of state ownership of this territory deprives the historical facts of their juridical significance. Later treaties on that same question

negated what had gone before. Right now rights to the disputed islands of Iturup, Kunashir, Shikotan, and Habomai can be based exclusively on documents that were accepted in connection with the conclusion of World War II and the postwar settlement.

In accordance with the joint declaration of 1956, which was ratified by both sides, the USSR agreed to transfer the islands of Shikotan and Habomai after a bilateral peace treaty was signed. The unilateral refusal of the USSR to carry out the provisions for transfer of the islands was illegal and cannot have juridical consequences.

In accordance with international law, where there are territorial disagreements between states, the sides are obligated to resolve them by peaceful means. Because of this, discussions by Russia and Japan of the question of ownership of the islands of Iturup, Kunashir, Shikotan, and Habomai are a necessity and an obligation.

From the Point of View of Politics

The world views what we discreetly call the "territorial problem" in Russo-Japanese relations as a regional conflict. Along with the situation on the Korean Peninsula and questions of Taiwan, it exerts a destabilizing effect on the whole environment in the Asiatic-Pacific Ocean region. Without having signed a peace treaty with Japan because of the border problem, we cannot in any way break loose from the confrontational past, at a time when democratic-partner states in Europe have conclusively turned the postwar page of world history.

The conflict with Japan also complicates our country's relations with the "Big Seven" states, slows the disarmament process in the whole region, and weakens the effectiveness of our initiative in this sphere.

It is also necessary to understand that the absence of an acknowledged border is a potential danger both for Russia and for Japan. That is, the political problem will evolve into conflict, which, naturally, is not in the interests of peace.

Having broken with totalitarian ideology and proclaimed a new approach to foreign policy, and having put at the head of the list the principles of law and justice, Russia has made a meaningful claim to entry into the club of civilized states. For them, Russia's actions in regard to Japan is, in essence, a touchstone for verifying the sincerity of our intentions in the foreign-policy sphere. It is clear that the rigid position on the territorial question that was inherited from the totalitarian system looks today like a rudiment of the "Cold War," and it is blocking progress in the final normalization of Russo-Japanese relations and will affect the attitudes of other states toward us. And so a civilized path toward solving the problem must be sought, guided by the principles of legality and justice.

Japan's Position

As a condition for signing a peace treaty, Japan is insisting on Russia's recognition of its potential rights to the islands of Kunashir, Iturup, Shikotan, and Habomai. In the Japanese side's opinion, after the signing of a peace treaty the islands of Shikotan and Habomai should be transferred to Japan at once, the islands of Kunashir and Iturup after the expiration of an agreed (possibly lengthy) time. In so doing, the Japanese side announces its readiness to guarantee all the property and financial rights, as well as the interests, of the citizens of Russia and of Russia as a state.

Russia's Position

Russia's official position on the question of ownership of the islands of Kunashir, Iturup, Shikotan, and Habomai remains at the present stage the way the Soviet Union worked it out.

In other words, under Russia's current official position, the indicated islands are not subject to transfer to Japan. This position is completely obvious—it can be the basis for negotiations with Japan, and the more so for the signing of a peace treaty with it.

In connection with the disquiet that Sakhalin Oblast residents have expressed, primarily concerning the south of the Kuril Islands and the fate of these lands in the context of negotiations for a peace treaty with Japan, Russian Federation President B. N. Yeltsin made an appeal to Russians in his letter in November 1991. He noted in the letter that the Russian leadership's obligation is to search for ways of resolving the problems inherited from the policies of the previous epoch, which prevented Russia's institution of normal relations with world society. The conviction was expressed that from the point of view of the interests of Russians, it would be unpardonable to continue to be reconciled with those policies under which relations with Japan remained actually frozen because of the absence of a peace treaty between the two countries. It was emphasized that in its approach to the territorial question, the Russian side will be guided by the principle of fairness and humanism and of firmly upholding the interests and dignity of Russians, primarily the residents of the southern Kuril Islands.

Poltoranin Presents Japanese With a 'Wide Range of Options'

924C2108B Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 92 p 2

[Article: "Mikhail Poltoranin: Options Are Possible"]

[Text] In Tokyo, Deputy Chairman of the RF Government Mikhail Poltoranin told openly for the first time of possible options for solving the territorial question and paths for settling Russo-Japanese relationships. He discussed with the Japanese a very broad range of options—from nonreturn of the islands to their return with the retention of military bases. One of these options, for

example, was the proclamation of a transitional period that extends for long years after the adoption of a solution in principle to transfer the islands. In the course of 10 years, let us say, all property, economic, military, and other problems could be settled, in order, as Poltoranin said, that Russia's exit from the South Kuriles would not result in a situation as unfavorable as that, let us say, of the Baltic or Germany.

Vice-Premier Poltoranin expressed an unexpected thought about the "Okinawa model" of settling the territorial dispute between Tokyo and Moscow. As is known, during the return of Okinawa to Japan, the U.S. kept many of its bases there. In the words of Poltoranin, an option can arise under which Russian military facilities would be preserved for a specified period in the South Kuriles.

However, Russia's official position, which considers the whole spectrum of opinions, will be presented by President Boris Yeltsin during the visit to Japan that is planned for September and will take place precisely according to plan, despite calls by a number of deputies for him to postpone it.

In the interview that Vice-Premier Mikhail Poltoranin gave ITAR-TASS upon his return from his trip to Japan, he excluded the possibility that, during the forthcoming Russo-Japanese meetings at the highest level, a final solution of the territorial problems that Japan also is aware of will not be found.

"I remarked that for the Japanese it is not so much the South Kuril islands themselves that are important as the correctness of their basic position," he said.

Opposition Demands Investigation of MFA Activities

924C2108C Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 92 p 2

[Article by Sergey Karkhanin: "The Opposition Prepares for an Attack"]

[Text] Russia is on the verge of a major political scandal caused by officials who are guided by self-interest. So announced N. Pavlov, coordinator of the Russia parliamentary faction at a press conference of leaders of the opposition deputy bloc of Rossiyskoye Yedinstvo Russian Unity], adding that it is the intent to demand parliamentary investigation of the activity of the MID [Ministry of Foreign Affairs], and also the circumstances associated with M. Poltoranin's visit to Japan. Thus the political climate around the South Kuriles problem has become even more heated.

"We consider it correct and legal to keep the Kuriles within Russia, for the results of World War II that were confirmed by international treaties should not be reviewed," noted S. Baburin. "Moreover, the islands question must not be resolved without an All-Russian referendum." It is no accident, in N. Pavlov's words,

that the President of Russia, at a meeting with coordinators of parliamentary factions expressed "sufficiently great attention to the concerns" that were sounded in the well-known letter of 52 deputies who protested against transfer of the islands, and right now he is thinking over various options for further actions.

The press-conference participants were convinced that most of the deputies did not support the MID's current position, and, moreover, recent parliamentary hearings have indicated that the foreign policy agency's experts are not blessed with objectivity. Why? Once again there is the letter of Deputy I. Andronov, which asserted that the Japanese side took assumed the lion's share of payment for Russian Vice-Premier M. Poltoranin's visit to Tokyo. A big scandal can hardly be avoided if an investigation confirms the facts cited by the deputy. N. Pavlov also added that it was intended to bring Deputy Minister for Foreign Affairs G. Kunadze to court for slander because he had publicly accused him of divulging secret information that was delivered at closed parliamentary hearings.

The Japanese clearly are not striving for a compromise, and that means that transfer of the islands to the joint jurisdiction of Russia and Japan is not possible, opposition leaders have emphasized, calling "utopian" this idea of the chairman of the Constitutional Commission O. Rumyantsev. Although his report, which was distributed in the Supreme Soviet, is testimony that the deputies of the democratic bloc also understand the necessity for defending the state's interests.

Public regional committees gathered hundreds of thousands of signatures in defense of the South Kuriles during the last week. In this connection, representatives of the unified opposition have declared that they are ready to appeal to all citizens of Russia for large-scale support of their approach, the theme of which is the immutability of the state's frontiers. But unfortunately, S. Baburin remarked, during the recent visit of a group of Russian parliamentarians to the U.S. it became clear that the American leadership supports Japan's claims.

Kunadze Views Kurils Legal Suit, Debate

924C2206A Moscow RABOCHAYA TRIBUNA in Russian 21 Aug 92 pp 1, 3

[Interview with Deputy Foreign Minister Georgiy Kunadze by Yuriy Makartsev; date and place not given: "Are Russian Diplomats Sinners or Saints"]

[Text] We have repeatedly criticized the Russian Ministry of Foreign Affairs about the ministry's position on the Kurils problem. And now we have a proposal from the diplomatic corps: Let us explain ourselves. That was how this interview took place with Deputy Foreign Minister Georgiy Kunadze. In this published interview the reader will find two viewpoints on the "disputed territories" existing in society on the eve of the Russian Federation president's trip to Japan.

I. Who Understands the History of the Kurils Question and How, and Where Does the Russian Ministry of Foreign Affairs See Its 'Origin'?

[Makartsev] Georgiy Fridrikhovich, as you are aware, some time ago the editor of *RABOCHAYA TRIBUNA* and its legal counsel, "Advoka-RT" in the person of Doctor of Legal Sciences M. Rassolov, asked the Constitutional Court of the Russian Federation to make a ruling on the unlawful actions of the Japanese Embassy in Moscow. The embassy had printed in Russian and distributed a pamphlet entitled "The Northern Territories of Japan," and is essentially engaged in propaganda activity in Russia for the dismemberment of the Russian territories of the South Kurils. But what if in similar fashion the Russian Embassy in the United States were to initiate in that foreign country a campaign to have Alaska returned to us? So, is there anything "criminal" in the activity of the Japanese Embassy?

[Kunadze] Well, for a start let us try to state what is generally known. Any embassy reflects the viewpoint of its own government to the extent possible to make it known to the citizens of the country where the embassy is located. This is the duty and the work of an embassy. We also publish abroad and distribute much of our printed output. So I see no violation on the part of an embassy, in this case the Japanese Embassy, when it sets forth the viewpoint of its own government. Moreover I would say that the pamphlet we are talking about which has caused so ambiguous a reaction is a pamphlet prepared by the Japanese and distributed by them on the basis of the agreement on reciprocity. That is, Russia also has the right to distribute a pamphlet in Japan that sets forth our approach to the problem of territorial demarcation in the area of the Kuril Islands. And we shall certainly exercise that right, but apparently after the visit by President B. Yeltsin to Japan; we are doing this out of tactical considerations.

As far as your analogy with Alaska is concerned, I think it is hardly appropriate because the Alaska problem is not moot and the question of the sale of Alaska by the tsarist government is not being disputed under any legal procedure. But the problem with the South Kurils, regardless of our wishes, does exist as a legal problem in interstate relations.

[Makartsev] Since the Russian Ministry of Foreign Affairs found nothing reprehensible in the actions of the Japanese Embassy, we have made application to the Constitutional Court as follows, verbatim: "By its legal actions the Japanese Embassy, and the Russian Ministry of Foreign Affairs through its inaction, are creating conditions for the forcible resettlement of inhabitants and are violating Articles 33, 35, and 40 and other articles of the law 'On Changes and Amendments to the Constitution (Fundamental Law) of the Russian Soviet Federated Socialist Republic.'" We have also asked the Constitutional Court "to rule that the inaction of the Ministry of Foreign Affairs of the Russian Federation

and other state organs is at variance with the Fundamental Law of Russia." But now, Georgiy Fridrikhovich, I see that the inaction of the Ministry of Foreign Affairs is its position. Can you clarify this?

[Kunadze] For a start, even though I am not a lawyer by education I must express my surprise about these alleged "violations" of ours that Doctor of Legal Sciences Mikhail Rassolov indicates. He must be aware that no one anywhere has ever raised the question of forcible resettlement of the inhabitants of the Kurils. The reproach concerning transfer to Japan of some part of the territory if during the process of normal negotiation it is recognized as part of Russian territory is also an invention. I repeat that I do not really understand what the charge against us is. I see no violations of articles of the Constitution, nor any retreat from the normal, logical, considered tactic of holding negotiations. It is easy enough to ban the distribution of a pamphlet.... We did that for many, many years. But any ban has its other aspect: By stopping the Japanese diplomats from distributing it here we are deprived of the possibility of acting in the same way in Japan.

[Makartsev] The question really is a layered one, as they say. In polemic in our times the "historical" aspect is thought to be the most important. Here, both the Japanese and the Russian Ministry of Foreign Affairs take as the point of historical departure the 1956 Declaration, which records the intention of the USSR to return to Japan the Habomai chain and the island of Shikotan. It is true that the history does run even deeper. Is this why, we assume, the Japanese press is resorting to recollections about the ukase issued by the Empress Catherine I on 10 April 1727 about including the Kuril Islands as part of Russia, and also the betrayal of a large number of the indigenous inhabitants of these islands—the Ainu—that followed this inclusion? In international territorial policy historical truth has always been subjective and relative insofar as it reflects the historical awareness of particular peoples. Why in the approach to the territorial question also does the Russian Ministry of Foreign Affairs use the same arguments as the Japanese side? Many people believe that we are pursuing an alien and anti-Russian policy, and you have obviously heard these kinds of charges leveled against you, have you not, Georgiy Fridrikhovich?

[Kunadze] Yes, of course we are aware of these charges but we have become accustomed nevertheless to responding to specific rather than unfounded accusations. An anti-Russian policy? Specify the charges and we shall respond to them.

Now on the subject of why precisely 1956 is taken as the point of departure. In international relations it is usual to rely on agreements that remain in force. The Japanese proposed to us quite a long time ago that the 1855 treaty, in which it is clearly stated that four islands were Japanese and the rest Russian, be taken as the base. We rejected this. And not only because this treaty would have automatically deprived us of the object of the

negotiations. The islands would simply have had to be surrendered to the Japanese.

As far as the general, not to say unfounded accusation of an anti-Russian policy and anti-Russian position is concerned.... You should understand that the question should not be posed as, unfortunately, many people have preferred to do so earlier; namely, that we are or are not surrendering something. The question is being posed in a primitive and simple way. As of today there is no treaty regulation of the border with Japan. Consequently it is a thorn that remains in our relations, and it will remain forever until we remove it.

...And what if, you ask, a decision follows from the highest political leadership in the country to abandon the negotiations with Japan? The Ministry of Foreign Affairs will undoubtedly implement that decision, but for many experts in the ministry there will be a choice: to remain as a conductor for a policy that from our standpoint has no prospects, no future, or to leave their posts.

II. Can the Ministry of Foreign Affairs Be Reproached for 'Conspiring' Against the People of Russia?

[Makartsev] Georgiy Fridrikhovich, the governor of Sakhalin, Professor Valentin Fedorov, speaking via the pages of RABOCHAYA TRIBUNA, has stated that he is preparing a personal appeal to the Constitutional Court so that this highest level of appeal in the state can assess the actions of G. Kunadze and other leaders in the Russian Ministry of Foreign Affairs as being at variance with the Constitution. It is the opinion of the governor, who has a great interest in the idea of surrendering the Kurils, that you have forgotten about the Federal Treaty, and that it is impossible to change the territory of Sakhalin Oblast (sever the South Kurils) without the agreement of the inhabitants and administration of Sakhalin. So that you want to decide the fate of the South Kurils while totally ignoring the opinion of the people.

[Kunadze] As an expert let me remind you that no law has retroactive force, and in this sense the 1956 Declaration, for example, is for us the law, and a higher law than domestic legislation because what we are talking about is an international treaty. Every lawyer knows that the standards of international law enjoy priority over domestic legislation in any state. In any case, we are discussing a document that defined our obligations long before other acts were passed. Let me note here that the Ministry of Foreign Affairs has not taken any serious step to set forth its own view of the way in which events will unfold. Not only because the negotiating tactic is not being publicized. It is simply that until a higher authority reaches its decision and defines its position in this matter it would be incorrect and lacking in tact on our part to tie it to any particular scheme.

In this connection I have serious doubts about the correctness of V. Fedorov's position, who by dint of his post is part of the presidential administration. Why and on what grounds does he believe it to be correct for himself, as part of the administration, to anticipate a

decision by his superior organs? If he is dissatisfied with the actions of the administration, not only on the Kuril issue, would it not be more honest for Fedorov to tender his resignation? If something turned up in the policy of the Russian administration that was not in accord with my inner convictions then I would consider myself obligated to resign.

[Makartsev] Georgiy Fridrikhovich, many people also cannot understand the reasons for the "haste" in the territorial question. The position of sovereign Russia, both economic and political, is not simple and it would seem that there should be a certain sequence to the tasks—extricate ourselves from crisis, calm the public, and then move with a cool head to the Kurils and a peace treaty with Japan. For many citizens the haste seems suspicious. This is the conclusion that is being reached: G. Kunadze and the others are pursuing some kind of personal aim and want to "curry favor" with Japan. Why G. Kunadze precisely? Well, Grigoriy Fridrikhovich, you have been in the structure of the Ministry of Foreign Affairs for many years engaged with problems of relations with the states of the Asia-Pacific region. Just last year, along with Committee for State Security General Kalugin, you made a trip to the South Kurils and engaged in agitation among the inhabitants of the islands to "submit to their fate," and, they say, the Land of the Rising Sun will be grateful.

[Kunadze] Well, you know.... To say that we are trying to force the pace in a problem that has been at impasse since 1956 is, to say the least, not serious. It is an issue with a very long beard, decades of it. And nothing is moving, which is what is putting the brakes on our relations with a major Far East country.

I have already mentioned that until a decision is reached by the political leadership we have no right to show our diplomatic hand. Nevertheless I will note that the boldest predictions concerning the scenarios for the outcome with respect to the territories do exclude the possibility of achieving it for several years from the moment we start the negotiations with Japan. So when I hear things like "they are not only trying to give up the islands but are even in a rush to do it as quickly as possible, tomorrow almost," this does not accord with reality.

Now about my personal role in this story. Until I entered state service I used to publish quite a few articles, interviews, and other materials in which I set forth my viewpoint not only on the Kurils question but the entire set of USSR, and later Russian foreign policy in the Asia-Pacific region. The Far East is my specialty. As a specialist across all these years I have seen how our relations with Japan have been slowed, and what a negative effect this has had on progress in relations throughout the entire Asia-Pacific region. The impasse in the "territorial problem" is hampering Russia.

[Makartsev] Grigoriy Fridrikhovich, the Japanese have seized on the words of Foreign Minister A. Kozyrev,

"legality and justice," and they have been perceived by many citizens as the course of Russian diplomacy toward surrendering the territories. Do these principles not mean something else, primitive honesty, for example? Professor V. Zilanov notes that the 1956 Declaration secured another principle for mutual relations between the former Soviet Union and Japan; namely, "security and justice" (Clause 3 of the Declaration). In the opinion of a number of experts, surrendering the Kurils would mean undermining not only the military-strategic, but also the food security of Russia. Can you tell us if this "legality and justice" is included in your new diplomatic language, along with concepts such as "diplomatic prize" and "policy of national dignity"?

[Kunadze] The principle of legality and justice was put forward not by A.V. Kozhevnikov but by President B.N. Yeltsin. This principle was first enunciated by Boris Nikolayevich in September 1991 in a message to the then prime minister of Japan, Kaifu. I hope you agree with me that for any rule-of-law state the statement of this fact is quite natural, and that in its own policy it will proceed on the basis of the principle of legality and justice.

The path of negotiation on the basis of legality is for us the only acceptable one. Legality is always objective. Incidentally, honesty also has not been forgotten, primitive honesty as you put it. And justice is to a large extent a subjective category. Justice, I think, is this: that we must recognize that since 1855 these islands have not had an established owner. From 1855 to 1945 they belonged to no one except Japan. Justice also demands that we recognize that in 1947 some 17,000 Japanese who had lived on the islands were deported; that is, driven forcibly from the Kurils. Justice also demands that we be guided by the fact that since 1945 our people have been living on these islands—citizens of the USSR, and now citizens of Russia. Regardless of whether the government of Stalin and the government of Khrushchev and subsequent governments acted correctly or incorrectly, these people are guilty of nothing.

Finally, I continue the answer to your question thus: When the state meets its obligations this is also a national achievement.

I was in the Kurils and am able to judge: During these 47 years that we have been on the islands no one raised a finger to bring these islands up to at least some kind of decent economic level. There are no roads there, none. The islands are, if you will, our national disgrace.

Yes, I agree that giving the Japanese even one island would do serious harm to Russia. But from my standpoint, there are no arguments, and you can check this, about the advantage of any particular project, no arguments about the fish that may be caught in the region of the islands, no arguments about our strategic interests that can stand against legality....

III. In What Department of the Ministry of Foreign Affairs Is Patriotism Found?

[Makartsev] Are you a materialist, Grigoriy Fridrikhovich? The well-known philosopher N. Berdyayev believes that in the concept of materialism the historical process is deprived of its soul. And it seems that in the Kuril problem, our "foreign policy" rests only on pragmatism and that we have totally lost the concept of patriotism. In their foreign policy are the Americans now much greater patriots than Russian diplomats? Patriotism: Does this word no longer exist in the Russian Ministry of Foreign Affairs?

[Kunadze] Yes, this is a serious subject, and charges of a lack of patriotism are the most serious among the charges that in general can be brought against any person. Some time ago here in my office there was a group of people from the organization called the "Russian National Alliance." And this is what I said to those people: With all due respect to them I personally, as a citizen of Russia, deny them any monopoly right to express patriotic views. Patriotism is not a profession... I also consider myself a patriot and I can never agree with the charges of an unpatriotic approach to the Kuril problem.

From my standpoint there can be only one benchmark of patriotism—restoration of the honor and dignity of the Russian state. I think that no matter how difficult it may be it is essential to establish a normal, civilized state and society such as Russia was before the 1917 revolution.

I suggest that patriotism is the struggle for the interests of the nation, the struggle for its honor and dignity, and, finally, the ability to tell the truth no matter how difficult it may be.

[Makartsev] Perhaps freedom is difficult, tragic, and agonizing. In his *Legend of the Grand Inquisitor*, Dostoyevskiy formulated it like a genius: One of people's torments is what to exchange freedom for. For bread, for land? They talk and promise us dollars and good relations for Russia with Japan in exchange for the Kurils. Yes, a choice.... Are the diplomats sure that they are not pushing the people to a new drama in history?

[Kunadze] To be honest, inwardly I am glad that my position as one of the associates in the state apparatus excludes the possibility for me of reaching a decision alone. It is, of course, also a question of moral choice and very great responsibility. For every person, and for myself, there are also natural limits to human courage. I am not alone in sensing my own human obligation and my own civic duty, but I am sure, and so are the other associates in the Ministry of Foreign Affairs. We see it in restoring legality and justice in our relations with Japan. We are working under conditions in which all of us together and each person in isolation are being subjected to insulting and hurtful accusations. It was not we who created the situation. Now it is easy to say that this is all

a legacy from the past and so we shall do nothing. It is much more difficult to assume responsibility and make decisions.

Washington Correspondent on Approval of IMF, World Bank Loans

92A1750A Moscow PRAVDA in Russian 8 Aug 92 p 5

[Article by Vladislav Drobkov (Washington): "The Check Is Paid for in Washington and Issued in Munich"]

[Text] The current Washington week has brought Russia several favorable surprises all at once.

Primarily, on Wednesday the first of the long-awaited billion dollars was finally received securely from the safes of the International Monetary Fund. As the MVF [IMF] directors, who met in the American capital, decided, the Russian government can begin to use credit in this amount beginning 10 August.

As Russia's authorized spokesman in the international financial organizations, Konstantin Kagalovskiy announced to journalists that this billion dollars is in essence a paid check that Russian President Yeltsin brought from Munich, from a meeting of the "seven," the leading Western states. Right after allocation of the first billion, which, in Kagalovskiy's words, "can be obtained even tomorrow," negotiations with the IMF about the still unresolved terms for granting Moscow the remaining funds from the quota of \$4 billion intended for Russia this year should begin.

Alas, practically no one in Washington has hopes of getting all of this amount this year. As reported by a highly placed IMF representative who wanted to remain anonymous, the granting of the billion that was allocated was strung out over at least five months. Negotiations for new credits will start no sooner than October. In so doing, the IMF has let it be known that an indispensable prerequisite for allocating them will be that of meeting a number of demands and conditions that the fund has advanced. Such as, for example, a refusal to support losing enterprises, an increase in prices for energy bearers, decisive privatization, and an overall "acceleration of the reform process."

The second important event in Russia's relations with the West's leading financial structures was the World Bank's decision, which was adopted Thursday, to grant Moscow a credit of \$600 million.

It is planned to spend the millions allocated by the WB [World Bank] to pay for import shipments of first necessity—from medicinal preparations to equipment for the processing and storage of agricultural products, as well as the purchase abroad of resources for modernizing the power industry and transport. It is proposed to sell \$250 million to Russian enterprises that participate in foreign-economic activity, to enable them to get necessary foreign commodities for foreign currency. However, neither the IMF's billion nor the \$600 million given to

Russia by the World Bank will suffice to help the Russian economy to overcome the crisis in which it finds itself. Even local observers acknowledge that this is only a drop in the bucket of Russia's needs. And, moreover, it is full of holes. And prospects for obtaining the whole \$24 billion "package" of Western assistance, about which so much has been said since the end of winter, remains extremely far off.

The impression is taking shape that the current credits on which, incidentally, interest that is by no means small will have to be paid (the IMF did us a big favor with its 7.5 percent annually, the World Bank 7.6 percent—V.D.), were given to Russia as a sort of "consolation prize," given the creditors' tacit agreement that they will not hurry to fulfill the promises they gave for help on a larger scale.

Although there have been some shifts in this matter, and they also occurred this week. On Thursday evening, when it was late at night in Moscow, the American Congress's House of Representatives voted 255 to 164 to approve, although with important amendments and supplements, a long-suffering draft law, "In Support of Freedom," which called for the United States to extend help to Russia and other CIS countries.

In the opinion of local observers, the splendid rapid acceptance by the House of Representatives of the bill, "In Support of Freedom," began as the result of a deal that was concluded by the White House with the Congressional leadership. The administration promised that if the bill to help republics of the former USSR was approved it would allocate additional funds for internal needs—to help the cities to survive the crisis and to develop road construction and certain other projects that were the subject of debates among the Republicans and the Democrats.

On Wednesday, on the eve of discussion of the bill, highly placed representatives of the administration—Director of the Budget and Management Richard Darman and Transportation Secretary Andrew Card—met with Democratic leaders of the House of Representatives. They assured the congressmen of their readiness to go halfway in meeting their demands. According to a report of the Associated Press agency, the administration promised additionally to allocate about \$100 million for transport needs and almost \$10 billion for credit guarantees for American cities.

Also on Wednesday, Secretary of State James Baker published in the NEW YORK TIMES an article under the heading, "What America Should Do for the Former Soviet Union." In it he enthusiastically called upon congressmen to support the bill to assist the CIS states. The Secretary of State cited the words of President George Bush: "The Kremlin Democrats will be able to assure our safety in a way that nuclear missiles never could."

Nevertheless, sharp demands were again heard in Congress by many legislators to spend taxpayers' money on

reviving the American economy and on help for local needs, and not on foreign-policy projects, all the more so to help a former enemy.

"Each day, when I come here to work, I see people sleeping in the streets," declared Texas Congressman William Sarpalius. "There are 10 million unemployed in America, 25 million people are receiving food stamps. Forty million do not have medical service.... We have three times as people going through bankruptcy as there are new workplaces being created!" "Our cities are on fire! Money should be spent in America!" demanded Ohio state representative Trafficante.

At the same time, proponents of the "In Support of Freedom" legislation that was adopted proved that without U.S. help the current government of Russia cannot keep itself in power. President Boris Yeltsin and his Reform comrades-in-arms, said Congressman Lee Hamilton from the state of Indiana, "are standing on the edge of an abyss. We can help!" If Yeltsin falls, argued a member of the House of Representatives from Kansas, "We can forget about any peace dividend that could be expected to be received."

In the end, the draft law was approved.

True, it still has not become law. The House of Representatives and the Senate are to hold a coordinating committee session in order to smooth out existing differences in the two versions of the bill that each house has passed. Most likely this will occur in September, after the August parliamentary vacation, which starts in the middle of August.

Decentralization of Oil Exports Opposed

924A1839A Moscow ROSSIYSKAYA GAZETA
in Russian 21 Aug 92 p 3

[Article by Igor Kazakov, doctor of economic sciences and professor in the Marketing Department of the Foreign Trade Academy: "We Say Homeland, Meaning Raw Materials"]

[Text]

Two Ukases—Two Components

So far our country does has nothing to export besides raw materials and weapons. But both types of goods, besides world prices, also have a certain mystical essence and are associated in the public mind, in the case of weapons, with an image of death, and in the case of raw materials, directly with our native land, our homeland that nourishes us with its vital juices. Hence the well-known political slogans about the democrats' "selling off the homeland," and the boundless mistrust of people who sell raw materials.

There is a great deal mysterious surrounding raw materials, which have been associated with a lot of politics,

deaths, wars, bribery and bloody dramas. In essence, the fight for Kuwait's raw-material resources was the reason for the war against Iraq.

Russia is not waging a war for oil. But alas, we have to admit that at present 88 percent of Russian exports continue to be raw materials. (In the USSR raw materials accounted for two-thirds of total exports). Therefore, the economically effective exportation of raw materials is a sphere of state interests and a constituent element of what is specifically state policy—and not the policy of commercial structures and private individuals, as it has been during the past 18 months. The economically effective exportation of raw materials cannot be decentralized. It should be carried out by traditional large exporters. The strategy of the decentralization, in particular, of raw-materials exports that was expressed in one of Yeltsin's first ukases prepared by the Gaydar government ("On the Liberalization of Foreign-Economic Activity on the Territory of the RSFSR," 15 November 1991) was evidently dictated by pressure from certain forces using democratic phraseology concerning freedom of foreign trade to advance their own selfish interests. Now that same government has recognized this strategy as mistaken, since it resulted in a loss of control over the exportation of raw materials and a sharp drop in its economic effectiveness. Billions of dollars earned by the new commercial and old state structures have remained in the accounts of foreign banks without ending up in the budget of our increasingly impoverished country.

And in the meantime we are begging for the 24 billion that the IMF has promised our country.

Taking these circumstances into account, this 14 June Russian President Boris Yeltsin issued an ukase "On Procedures for the Exportation of Strategically Important Raw-materials Commodities." This ukase includes 13 groups of strategic raw materials—from oil and metal to grain, timber and furs. The procedures for the implementation of this ukase entail the revocation of all licenses previously issued for trading the raw-materials commodities named in the ukase.

This ukase, which restores state control over the exportation of strategic raw materials is, of course, arousing the anger of commercial and semi-commercial structures, which, as is their custom, are appealing to the mass media and accusing the government and president of monopolization and neo-Bolshevism. One must understand that such statements and appeals reflect someone's real monetary interests.

Party or Liberty?

Today Russia still represents a vast raw-materials market. Under its ground lie about 20 billion metric tons of confirmed reserves of oil, about 50 [? illegible figure] trillion cubic meters of natural gas and one-fifth of the world's diamond reserves; and the country has one-fourth of the world's timber reserves—in European

Russia, alone, more than 23 billion cubic meters, or 50 percent more than all the other European countries together.

One cannot call the country's raw-materials market undeveloped. However, by world standards the technological base of this development gets low marks. Starting in the late 1920s, when the NEP (New Economic Policy) and the policy of granting concessions were ended, not a single foreign firm was allowed to independently develop our resources. The influx of Western technology for extracting raw materials was stopped. Its place was taken by the technology of the GULAG.

The process that occurred of turning raw-material reserves into a fetish as the homeland's sole wealth, as the homeland itself, led to the country's raw-materials market being developed exclusively by our own home-grown monopolies—the Ministry of the Petroleum Industry, Ministry of the Gas Industry, the Main Administration for the Diamond and Gold Industry, and others. And as the result of the barring of foreign companies' extractors with their advanced technology from our raw-materials market, a technological backwardness developed that has caused the extraction of oil and other raw-materials resources to decline today. And an environmental-disaster zone in regions where raw materials are extracted for export and processed into industrial semimanufactures has covered Russia "from Moscow to farthest borders," including the whole basin of Mother Volga. Environmental danger is an ecospasm of a technologically backward raw-materials policy. It is a danger that not only hangs over Russia's peoples but threatens contiguous states.

Is there any point today to the "patriotic" viewpoint that demands, first of all, that all exportation of raw materials be stopped, because "there is not enough for ourselves"? And that, secondly, has the goal of entrusting the extraction of underground resources only to our own country's monopolies?

If one looks at world practice, the United States is "selling off" its own resources much more zealously than we, while using the most effective technologies to extract them, of course. The United States is the record exporter of hard coal, with which all of Europe is inundated. In 1991 America raised its coal exports to 103 million metric tons. Australia raised its to 120 million tons. And the USSR managed to push about 40 million tons of its coal, of which Russia accounted for only half, onto the world market. Australian exports are 90 percent mineral and agricultural raw materials. And Canada and South Africa sell gold and platinum, oil and coal, and diamonds. In sort, all countries that have not been bypassed by nature sell raw materials. Of course, without reducing their exports to raw materials alone.

As for foreign extractors of raw materials, the penetration of Western capital into our raw-materials market cannot be considered furious, or even simply active. None of the 3,500 joint ventures that were registered in

the USSR at the end of 1991 even seriously attempted to invest in raw-materials industries, since such cooperation requires immense investments of capital and the involvement in our destiny for at least 20-25 years, that is, for the lifetime of the average deposit.

The foreigners know that investment activity on the part of a foreign partner is not always justified by the gains. Situations like that in which the Japanese [SODECO] company was "given the honor" to draw up a project for exploration for oil and gas on the southern Sakhalin shelf, which has recently drawn attention in the press in connection with a new tender, are fairly common. What happened? SODECO was refused the right to start working the deposits of the Chayvo and Odoptu shelf, and it was decided, in general, to put these deposits on hold for the time being. SODECO was left on the sidelines. And a tender was announced on a project for developing two other deposits. The Japanese had allocated our country \$200 million worth of credit for the project to explore Chayvo and Odoptu. They spent it, and no one knows when it will be returned.

From the moment the union collapsed the Japanese declared our country to be a zone of heightened risk for capital investments. And for good reason. From the moment the NEP ended, all legislative acts guaranteeing the rights of foreign investors and concession holders were repealed. A law on concessions is still making its way through the corridors of the government and parliament; it is still held up in the process attempting to reconcile differences. And today any foreign partner in the raw-materials market acts at his own risk, practically unprotected by our law.

Nonetheless, there are companies that have somehow adapted to our uncivilized conditions. So far the most capital-intensive project that has ever been carried out by a joint venture involving a foreign partner in our country is the Nobel Oil project in the city of Usinsk. This project for the secondary recovery of oil (using a technology entailing the action of steam on the oil-bearing bed) also represents the salvation of the city and its surrounding region from environmental disaster.

It must be said that with the use of our own country's technology the expected extraction of oil for the whole period of the oil deposit's exploitation was estimated at 11 million metric tons. Nobel Oil believes it possible to extract 70 million tons of oil. The total cost of the project is \$500,000 and 30 billion rubles. This capital is being invested by foreign partners. Moreover, even before the venture was registered the company [Mark Rich] & Co Ag had invested its own money in the purchase of \$8 million worth of equipment, which enabled the pumping of steam into the bed to begin in May 1992.

In conjunction with the French company [Totale], the same company—or more accurately, group of companies—[Mark Rich] & Co AG, which has been operating for a long time, and very properly so, in our market, has established three joint ventures involving oil refineries

in Volgograd, Baku, Ukhta and Lisichansk. The purpose of all the ventures is to provide for the thorough refining of oil and improve the environmental situation, while raising the production of gasoline, diesel and jet fuel by 3 million metric tons a year.

But how much of these "gifts of nature" and of this joint effort is ending up on our table, so to speak? One can say with confidence that more than half of the added resources will be consumed on our domestic market as our own resource that is not purchased for money. On the other hand, the American companies take a much tougher line toward us. For example, the all-out offensive of the American Chevron corporation on the Tengiz deposit in Kazakhstan (back when the USSR still existed) originally supposed that up to 80 percent of the oil extracted would go to the American partner. The intervention of international experts brought in by Kazakhstan's President Nursultan Nazarbayev made it possible to radically change the terms of the contracts in Kazakhstan's favor.

Competition for Oil Is More Frightening Than a Pistol

Of course, the exportation of raw materials is a far more profitable undertaking than, say, the serious technological development of deposits. During the period of collapse of the Ministry of the Petroleum Industry and the Main Administration for the Diamond and Gold Industry, for example, structures were split off from them under the management of the same big bosses; although they were called "state concerns," for all intents and purposes these structures were commercial organizations that had grabbed up and privatized large pieces of the state pie.

Under the guise of demonopolization, some of them managed to establish control over several enterprises, as well as to obtain foreign-trade functions.

Oil has now turned into practically the main currency of an increasingly impoverished Russia. And back at the beginning of 1992 the government instructed petroleum refining enterprises to sign contracts for the delivery of about 58 million metric tons of oil to "be credited for state needs" through the Soyuznefteeksport [All-Union Petroleum Exports] Foreign-Trade Association of the Russian Ministry of Foreign Economic Relations. It was also assigned responsibility for the fulfillment of inter-governmental agreements with Hungary, Poland, Bulgaria, Czechoslovakia, Yugoslavia, Finland and India, as well as for programs for the importation of critically important raw materials and food: coking coal, pesticides, grain, sugar, meat and other foodstuffs.

But attempts to destroy this state monopoly on the exportation of oil continue to be made, and not without success. After all, among the new exporters there are really no outsiders; all of them, in one way or another, were involved in this business earlier, and they will find the way out of any situation of prohibitions.

That is especially true in that the suppliers of the food—they are the same oil exporters—are freed from paying any export duty.

Export duty amounts to 20.8 ecus per metric ton of oil. Therefore, for the aforementioned reasons it is profitable to join the group of "state suppliers."

Oil and petroleum products are also being bought by Western companies, but they, of course, do not enjoy such breaks.

But besides an active desire to take everything into their own hands, overthrowing, in the process, the Rosnefteprodukt [Russian Petroleum Products] state concern with its as-yet incompetent Rosimpeks [Russian Import-Export] foreign trading association, and driving the hated Europeans from the market, our new concerns can offer nothing. They do not possess the latest technologies that are presently so essential to the raw-materials industries, since our country does not possess them. While at the same time, one must admit, foreign capital is strong precisely by virtue of those technologies.

In concluding this small survey of the situation in our country's oil market, I cannot refrain from drawing a moral. Nearly a year has now passed since the time that foreign trade was liberalized and a decisive step was taken toward a new foreign-trade policy. These actions seemingly enriched the new democratic government and, along with it, the legislative body with new experience, which, perhaps, will be expressed not only in some sort of documents—which are essential today—optimizing the exportation of fuel and raw-materials commodities, but in observance of the rules of the game, and in efficiency of action. To this day the rules have not been for everyone. Albeit timidly, the newspapers have written about this, accusing the government apparatus of making numerous exceptions to the rules. Life, as always, will show which is stronger—the law, or the real interests of certain circles. After all, even the new presidential ukase, which gives preference to traditional, highly qualified exporters, may, given a certain attitude, close the road to the West to the "small guys," while for the "big guys" it will continue to remain open.

The struggle was and will be intense. After all, competition for the exportation of Russia's oil is taking place against the backdrop of its declining extraction, at the same time there is a rise in the need for exports to pay for grain and other vitally important commodities. There is increasingly less "free" oil that is not tied up by state orders, and as we have already noted, it is more profitable to trade it than to extract it oneself using the last word in world technology. In the past six months 20 million metric tons less has been extracted than was last year.

But this is happening not because workers are doing a poor job, but because of a lack of capital investments in the industry. It is understandable that, in this situation, foreign investors will have to be treated properly, especially those who have established a good track record in our country.

Cooperation in Space-Based Reconnaissance Urged

924P0164A Moscow ROSSIYSKAYA GAZETA
in Russian 18 Aug 92 p 7

[Article by Corresponding Member of the Russian Academy of Sciences Volf Shteynshleyger: "When Everything Will Be Visible From Orbit: Space Radar and International Cooperation"]

[Text] The mass information media, particularly the foreign ones, have repeatedly pointed out that the war in the Persian Gulf was won by electronics.

The entire world saw the TV pictures which showed the precise hit of the projectiles which were aimed electronically at the target.

Possibly not so effective for showing on television but, however, having a greater influence on the course of the war, were the airborne radars for surveillance of the situation, the air space, of the ground and sea.

Thus, the airborne advance warning and control system (AWACS) made it possible to completely control the air space and this had a substantial impact on the success of combat operations. The terrain surveillance radar which was developed shortly before the start of this war, carried on a Boeing-707 aircraft, was of great help in determining the location of the Iraqi missile launchers.

An exceptionally important role in ensuring victory over the Iraqi Armed Forces was played by the earth satellites, making it possible to monitor the situation on land and at sea. Here it was discovered that the high surveillance capabilities of the satellites with optical and infrared sensors were substantially limited not only by the time of day and the weather conditions, but also by such factors as the smokiness of the atmosphere due to the fires at oil wells.

The radar carried on a Lacross satellite was the only space device which made it possible to obtain an image from the earth's surface through the cloud cover and the smokey atmosphere. It was very effective in detecting Iraqi missile launchers and tanks at night.

In this context, after Operation Desert Storm, there was a marked increase in the attention paid to space-based surveillance radars.

What are the prospects in the modern world for such devices which initially were developed for carrying out purely military tasks?

At present, when local conflicts and crisis situations are constantly breaking out in various regions of the world and could develop into major wars, the use of space-based surveillance radars which are all-weather and hence operational at all times, is very important, since they make it possible to monitor the situation and can help to lessen tension in these regions.

Here three types of radars are required: for surveillance of objects on the ground, at sea and aircraft in the air space.

Similar equipment is required for monitoring the carrying out of international disarmament agreements.

The questions related to the development of space systems for carrying out the designated functions have been repeatedly examined before the various U.S. Congressional committees.

Here it has been pointed out that for ensuring the required effectiveness of surveillance on a global scale, the space-based monitoring system should consist of several score satellites. The cost of such a full-scale system, according to the published data, is extremely high and has been estimated in many billions of dollars. Such expenditures are extremely burdensome for any individual country, even an economically developed one. In line with this, one can understand the recently observed trend of pooling efforts by several countries in this area. Thus, Western Europe has set up the EASC Agency for using satellites to monitor disarmament. By the joint efforts of the European countries, they have proposed establishing a system of several satellites equipped with optical, infrared and radar sensors. According to the publications, a system of four satellites could cost 6-8 billion dollars.

In technical terms, the U.S. and Russia are the most advanced in the area of space-based surveillance radars and for a number of years, these countries have been using satellites equipped with a radar capable of providing great detail for the image of the earth's surface.

Thus, such a Soviet satellite, the Kosmos-1870, operated in orbit in 1987-1989 while at the beginning of 1991, a second analogous-type satellite, the Almaz-1, with somewhat improved performance was launched and is now in orbit. The obtained radar information has been very useful for ecologists and geologists.

Only quite recently have analogous satellites been developed in Western Europe and Japan. However, only the U.S. and Russia have developed the on-board systems for early detection of aircraft in the air space. These are the well-known American airborne surveillance radar system AWACS and the corresponding A-50 Soviet system.

Analogous satellite-based systems (a sort of space AWACS) have not yet been developed, however prominent American military and civilian specialists give very great importance to the creation of such systems. (In contrast to the systems relating directly to the SDI, this system has been classified by the Americans as a ADI, an abbreviation for the name "Air Defense Initiative.") In the discussion of this problem before the Congressional committees, the American Congressmen have pointed out that in the aim of saving on financing, such space-based systems should be made multipurpose, that is, capable of providing radar surveillance both over the air space as well as surface and ground targets.

We feel that in the interests of Russia and the other technically developed nations, cooperation should be organized for the joint development and operation under

UN aegis of radar as well as space-based facilities for monitoring crisis situations in the world and for the compliance with disarmament treaties. Such cooperation will make it possible to pool the efforts of the participating countries and accelerate development.

The direct reduction in the outlays of each country due to a simple increase in the number of participants is far from the only beneficial effect of cooperation. Our country possesses significant experience and resources in developing various types of space radars and its scientific-technical contribution ("know-how") can be very great, and this, naturally, should be given due consideration. In addition, the very development of a number of the radar subsystems, space devices and the ground infrastructure (receiving, recording and processing of the radar information) and so forth can cost less in our country than in the West, due to the substantially lower labor costs. This will be of economic interest to the partners. The nation will be able to earn significant foreign exchange.

There is a second and very promising area.

This is research and space monitoring (this term has gained ubiquitous use in the scientific literature and is the equivalent to the concepts of "control" and "surveillance") of natural resources and ecology.

It is a question of obtaining radar images of the earth and water surface for carrying out a number of national economic and ecological tasks. For example, the adjustment of geographic maps; the locating of areas of the earth's surface which are of interest for geologists in prospecting for minerals; determining the ice situation for the passage of vessels in the northern latitudes; monitoring the ecological state of the surface of the oceans and seas, the forests, agricultural land and so forth.

Work in this promising area is being intensely carried out in the U.S., Canada, the nations of the European Community and in Japan. Here mutually advantageous forms of cooperation can be found with our country.

It is to be hoped that the appropriate bodies in the structures of the Russian presidential staff, the Russian Supreme Soviet and Government will become closely involved with the above-given questions and will find an effective solution for them.

Khasbulatov's India Visit Prompts Review of Economic Ties

*924A1801A Moscow ROSSIYSKAYA GAZETA
in Russian 14 Aug 92 p 7*

[Valentin Logunov article, and interview with R.I. Khasbulatov by Konstantin Zlobin; in India, date not given: "India, a Priority Country"]

[Text] Chairman of the Russian Supreme Soviet Ruslan Khasbulatov wound up a visit to India early this week. A parliamentary delegation that included the chairmen of

the Bashkortostan and Buryatiya Supreme Soviets, Muratsa Rakhimov and Leonid Potapov, Russian Supreme Soviet committee chairmen Valentin Agafonov and Georgiy Zhukov, People's Deputy Rasul Mikailov, and Deputy Minister of Foreign Affairs Boris Pastukkov had been in Delhi, Bangalore, and Bombay.

The head of the parliamentary delegation was received by President of India S.D. Sharma and Prime Minister P.V. Narasimha Rao. Meetings were held with the speaker of the Lower House of the Parliament of India, Sh.V. Patel, and the acting chairman of the Upper House of the country's parliament, N.A. Heptulla, Minister of Parliamentary Affairs G.N. Azad, state ministers R. Kumaramangalam and R.L. Bhatia, the governors of the states of Karnataka and Maharashtra, and the speakers of the legislative assemblies of those states. In Delhi the Russian parliamentary delegation met with deputies of the Indian parliament and attended meetings of the two chambers. Business people in Bombay held a reception in honor of the delegation.

Perhaps we should start with the meeting with business people...for here we see in special relief the extreme inadequacy of efforts by Russian politicians with respect to India. The trade and economic relations with a country that was in the past linked so much to us, and is still linked today, have been virtually disrupted. Many of our partners are either urgently realigning on other markets or, if they cannot do this, being destroyed. For the politicians and entrepreneurs of India Russia is rapidly losing its prestige. The empty assurances from government officials on Staraya Ploshchad cause irritation or at best a smile.

Since November 1991 deliveries of most goods from Russia, first and foremost oil and petroleum products, have ceased. As a result of this, and also of currency machinations by Russian and Indian companies, the size of the technical credit provided to the former USSR by India has reached 37 billion rupees (\$1.4 billion). Credit will absorb all earnings to repay our government credits for 1992, thus depriving us of any opportunity to buy essential goods with that money.

Reciprocal measures by the Indian side have blocked deliveries to Russia under old contracts. And indeed, how can partners act otherwise?! For many who have made deliveries (uppers for footwear, pesticides, and other things) have still not been paid.

The signing of contracts to deliver a number of very important commodities to Russia, including medicines, has been frustrated. And for some of them India is the only or the main source for the imports (insulin, intravenous preparations, analgesics).

In general Russia's trade with India, envisaged by the protocol for 1992 at \$2.2 billion, has not even started in the past seven months. Of the 4 million metric tons of oil envisaged by the protocol only 60,000 metric tons have been delivered, and of the 40,000 metric tons of newspaper print,

only 10,000 metric tons. For the other goods there are not even any proposals from Russian organizations.

And the strange thing is that our government, it must be assumed, does regard with apprehension the unused domestic production capacities of, say, power machine building, while already today India has need of equipment for five major thermal and hydroelectric power stations. So why is it doing nothing?

There is agreement in principle on continuing military-technical cooperation. But the credit agreements prepared back in March for 1992-1993 have still not been signed.

The conclusion is that the entire system of trade and economic and military-technical links with India is being indiscriminately undermined, along with our positions in that country gained with such difficulty over four decades.

The same is happening in the humanitarian and cultural spheres.

The reasons for the complete derangement of relations can be found not only in the economic difficulties that Russian is experiencing. It is more a question of political myopia. The freezing of relations is the result of the baneful concept which states that "Russia has no interests in the East." Meanwhile the loss of India—one of the most influential countries in Asia and among the developing countries of the world, the only developed and stable multiparty democracy across the broad expanse between Europe and Japan, and one of the civilized and cultural buttresses of mankind's spiritual development—is fraught not only with irreversible political losses but also great economic harm. Suffice it to say that India has traditionally supplied us with medicines and raw materials, tea, coffee, black pepper and other spices, castor oil, uppers for footwear, leather, cotton, blended, and wool fabrics, sown goods, knitted goods, cigarettes and tobacco, and detergents.

On the other hand, it is a major purchaser of our sets of equipment, a large proportion of which cannot be sold to other countries (the power engineering, nuclear power engineering, ferrous metallurgy, and coal industries). Up to 70 percent of India's need for imported weapons used to be satisfied by Russian military-technical output.

There are many opportunities for attracting large Indian companies in the private sector to invest in Russia's economy, including participation in the reconstruction of state and privatized enterprises.

The unease about the present level of trade and economic relations was expressed during R.I. Khasbulatov's meeting with President of India S.D. Sharma. Showing a lively interest in the assessments of the present situation in various spheres of life in Russia offered by the Supreme Soviet chairman, the president of India emphasized that our difficulties and problems, which are perceived with understanding in India, should not lead to a prolonged and chronic decline in bilateral relations. For his part, the Supreme Soviet chairman affirmed the

resolve of the Russian parliament to use all constitutional means at its disposal to prevent any fall in the level of Russian-Indian mutual relations, and to strengthen and develop the enormous potential for bilateral cooperation that was built up by generations of politicians and the peoples of our two countries.

Of course, just like the hospitable hosts, the parliamentary delegation was interested in many other matters. Mutual adherence to the principles of peaceful coexistence, democratic values and institutions, and the coincidence of the two countries' radical national interests was underscored.

The Indians noted that they see Russia as a unique bridge between East and West.

The importance was underscored of maintaining and strengthening Russian-Indian cooperation under present conditions when in the formation of a new world order the two states are oriented on the creation of a nonconfrontational balance of forces and interests in a future non-nuclear world without blocs. The mutual interest in deepening cooperation both on the global scale and on the Asian continent was emphasized.

The leadership of India and the parliamentary leaders also displayed interest in the idea of devising general principles for cooperation among the Asian states based on stable multilateral negotiating processes.

For our part, it was noted that normalization of relations between India and China and the countries of the South Asian region is in the interests of Russia and could become an integral component of stabilization processes in Asia and in the world in general.

Affirmation of the well-known Russian position on the Kashmir question was gratefully received.

The Indian side was informed about the present situation in the Russian Federation, the course of the economic reforms, and mutual relations among the CIS member states. The Russian delegation offered a positive assessment of India's steps to develop relations with the CIS countries, including the Central Asian states and Kazakhstan, and it stressed that cooperation with them can become a broad field for mutual relations between Russia and India, including on the plane of large-scale economic projects involving Russia and India.

India and Russia affirmed their interest in preserving the secular nature of the independent republics of Central Asia.

The Indian leaders assessed positively the democratic transformations in Russia and the establishment of a multiparty system, and expressed their readiness to offer all possible support for the economic reforms being carried out in our country. The stated intention of helping to promote direct ties between individual regions in the two countries, private companies and firms, and particular enterprises was greeted favorably.

The sides expressed themselves in favor of establishing regular contacts between Russian and Indian delegations at international parliamentary forums, and of insuring an exchange of information on legislative activity and studying each other's experience, particularly in the field of the legislative and executive powers.

In general it may be said that the visit by the Russian parliamentary delegation gave Indian friends the hope of a significant review of the position assumed with respect to India by the Russian Ministry of Foreign Affairs in recent months.

At the end of the visit journalist Konstantin Zlobin asked questions of the head of the parliamentary delegation.

[Zlobin] Ruslan Imramovich, how do you assess the results of the visit to India?

[Khasbulatov] The impressions are strong. In my opinion the visit has been of great positive importance. You see, Russia has proclaimed itself the successor of the Union, and I think that we shall not be in error if we continue on the same course. Here, it is possible to make our ties deeper, for the regions of Russia have gained independence and hundreds of thousands of economic subjects have emerged. These are potential subjects for the Indian market.

When preparing to go to India I set myself the task of explaining our domestic policy, talking about establishing market mechanisms, and showing that under these conditions Indian entrepreneurs have a much better opportunity for filling our relations with real meaning and deepening them.

That was one aspect of the visit.

The second was this. We wanted to show our adherence to our traditional friendship with India. Let us not close our eyes to the fact that some not very experienced Russian politicians have cast doubts on this friendship. And this has affected public opinion in India. I deemed it essential to interrupt my vacation and take up the proposal from the Indian parliament to visit their country. It should be said that the Russian public is very anxious about ill-considered statements about India.

[Zlobin] At the news conference with us, Indian journalists were interested in this issue: What specifically can the Russian parliament do to strengthen and develop ties with India?

[Khasbulatov] If we talk about economic relations, then the parliament will influence the government to comply with all agreements, contracts, and obligations, including those that cover delivery of cryogenic engines. Why is a third party trying to influence us in this? These are our interests, Russian-Indian interests. I believe that India is a priority country in our policy. And I would like to

remind you that it is the legislation organ—the Supreme Soviet and the Congress of People's Deputies—that defines foreign policy.

Increased Cross-Border Trade With China Expected

924A1749A Moscow ROSSIYSKAYA GAZETA
in Russian 7 Aug 92 p 2

[Article by Maksim Potapov, Russian MFA aide, under rubric: "A Neighbor's Experiment": "China Flings Open More and More New Doors: Including Creating a 'Northern Openness Zone' on the Border With the Russian Federation"]

[Text] On the one hand, both in Russia and in China, things would seem to be proceeding in one and the same direction. On the other, these processes are opposite in nature.

With the ideology which they at one time shared with us, the Chinese, for example, have dealt as though dealing with an elderly relative: they did not contradict it, so that it would "lose face," but they did everything in their own way, slowly but surely proceeding along the path of the market economy and opening up to the world. And, we must admit honestly that, insofar as specific results are concerned, they are in many respects overtaking us now.

There was a moment when Russians looked at their "great neighbor" with an obvious sense of democratic superiority, and people in the CPR feared the new Russia like an ideological plague. At the present time the emphasis in Beijing is being put on treating Moscow primarily as a natural and potentially profitable business partner.

We present for the attention of RG [ROSSIYSKAYA GAZETA] readers an article by a specialist on China that provides rich food for thought. Dmitriy Kosyrev

It is already 14 years since China began "opening its door" to the outside world. What has been the result?

During that time the volume of foreign trade has increased on an average of 17 percent annually and has grown from \$38 to \$186 billion. During the last two years there has been a shift to the positive side in the trade balance. In 1991 that positive balance came to \$8 billion.

The share of export in the GNP [Gross National Product] reached 18 percent—a very high indicator for such a large country. But the dependence of the national economy upon import, according to Chinese estimates, grew from 6 percent in 1979 to more than 10 percent today, and this attests to China's extremely deep involvement in world-economic ties.

There has been steady growth in the volumes of foreign investments in the economy. Their total sum on the basis of agreements has reached \$57 billion. As of today, more than 37,000 joint and foreign enterprises have been registered in China. Export by SP [joint enterprises] (\$12

billion) has already come to 17 percent of the total volume of export. More than 70 percent of the joint enterprises are operating at a profit. The CPR's foreign-currency reserves have increased, and by the beginning of this year came to \$43 billion.

The special economic zones (SEZ) that are situated on the coast in the country's southern provinces are gaining strength. One of them—Khaynan Island—is an entire province. The total volume of industrial production in five SEZ (Shenchzhen, Chzhukhay, Shantou, Syamyn, and Khaynan) last year came to approximately two percent of the CPR's industrial production, and the foreign-trade turnover came to \$20 billion (14.5 percent of the overall Chinese indicator). And this is in a situation when practically all the SEZ were created on empty land. In addition, 14 cities along the entire eastern coast have received the status of open cities.

Legislation in the area of foreign-economic ties is being improved. According to the most approximate estimates, during the period of reforms approximately 200 legislative acts in this sphere were adopted. In 1990 important amendments were made to the Law Governing Joint Enterprises. In conformity with these amendments, joint enterprises cannot be nationalized, the limitations on the period of their activity have been removed, and foreign citizens can occupy the position of the board of governors of a joint enterprise. Last year a new law went into effect, concerning the income tax to be paid by joint enterprises. The new law consolidates tax benefits for enterprises in the production sphere, and also in the open economic areas. Foreigners have received the rights for prolonged (50-90 years) leasing of the land and the acquisition of real estate. As a whole, according to estimates made by foreign experts, the investment climate in the CPR meets world standards by more than 75 percent.

Taking into consideration its own interests and striving to meet halfway the recommendations of the International Monetary Fund, the International Reconstruction and Development Bank, and the General Agreement on Tariffs and Trade, China carried out a number of measures to liberalize foreign trade. In particular, export subsidies have been eliminated, the regulating tax on import has been abolished, and the import customs tariffs have been reduced.

Probably the most important fact this year in the area of foreign-economic ties was the fact that the "new northern openness zone" began to form along China's border with the CIS and the Mongolian People's Republic, the length of which is no more and no less than 7000 kilometers. The purpose of this zone is to include in foreign cooperation the internal provinces, especially the border provinces (primarily Kheyluntszyan, Tszilin, the autonomous regions of Inner Mongolia (ARIM) and Sintszyan-Uygurskiy). Cities that have already become open cities, that have received powers at the provincial level in carrying out foreign-economic ties and that are

close in status to the SEZ, are Kheykhe, Khunchun, Suyfynkhe, Manchzhuriya, and also Harbin.

And it is planned to convert Kheyluntszyan, our main trade partner in China, into a CPR "openness center" with regard to Russia and the other CIS countries. The government of that province has decided to allocate to foreign businessmen approximately seven million hectares of unoccupied land and freeing them for a ten-year period from payment of rent or income tax. Foreign investors will be allowed to purchase shares in state enterprises.

Recently the Chinese central authorities sanctioned measures to encourage the development of foreign trade that were developed in the ARIM. The include the creation of three export-import companies that will develop trade with the CIS, Mongolia, Eastern Europe, and various joint enterprises, the output of which will be sold in the world markets. The sphere of their interests includes the opening in Irkutsk and Kazan of ARIM coordination centers; the opening of trade zones (including in Manchzhuriya and Kheyshantou) with Russia; the creation of Chinese "trade streets" in Chita Oblast and other Russian oblasts; and the granting to specialized foreign-trade companies and enterprises of rights to carry out barter transactions.

The creation of "three openness zones" has also been announced in the ARIM: the border zone, which includes 18 border regions and cities along the boundaries with Russia and Mongolia, technical-economic development zones, and zones for the assimilation of natural resources. In the area of the cities of Zabaykalsk and Manchzhuriya it is planned to create a wholesale-retail trade zone—a kind of outpost in the "northern openness zone."

As we can see, it is a vast experiment. It would be unforgivable to ignore it on our path to a market economy.

Comments by France Envoy Ryzhov, Details on Oshchenko Defection

924C2174A Moscow IZVESTIYA in Russian 15 Aug 92
Morning Edition p 5

[Interview with Yuriy Ryzhov, Russian Federation Ambassador to France, by Yuriy Kovalenko, correspondent; Paris; date not given: "He Shipped the 'Volga' to St. Petersburg, but He Himself Went Off to London: The Double Move of Double Agent V. Oshchenko"]

[Text] As already reported, Viktor Oshchenko, a staff associate of the Foreign Intelligence Service and a councillor of the Russian Embassy in France, disappeared together with his wife and younger daughter in Paris on 24 July. The search for them undertaken in Paris by the embassy and the police was unsuccessful. This search came to a halt after it was revealed that Oshchenko and his family were in Great Britain.

Throughout the entire history of Russian-French relations, which has deep roots in the past, this is hardly the sole instance when one of our countrymen with a diplomatic passport and working in our institution in France has turned out to be—to use the terminology of the times of stagnation—a “defector.” But just what was the reaction to this extraordinary event within the Russian Embassy? Here is what Yuriy Ryzhov, the RF [Russian Federation] ambassador to France, stated in an interview with your IZVESTIYA and ITAR-TASS correspondent:

“The Russian leadership has proclaimed not only a transition to partnership in its mutual relations with foreign states, but subsequently, perhaps, even an alliance. As a consequence of such an approach, it announced the curtailment or shutting down of intelligence activity under the cover of various departments, including the diplomatic ones.”

“During this brief period,” Yu. Ryzhov went on to say, “a great many persons who had been engaging in intelligence activities departed from Russia’s foreign missions. And in the flood of these shutdowns V. Oshchenko was scheduled to leave France on 8 August. And perhaps it was precisely this approaching date of departure which impelled him to take the step which he did.... At the same time, however, there is also an ongoing reduction in foreign personnel in the RF’s own diplomatic missions abroad for economic reasons.” (Whereas until just recently there were about 60 diplomats employed at the Russian Embassy in France, there are only about 40 left there now—Yu. K.).

“For me personally in this situation” the ambassador emphasized, “the moral aspect is a very important one. Following the disintegration of the USSR—as far as I know—not a single diplomat recalled from the country where he was serving at the time—whether because of the reduction in force or because his political orientation did not coincide with the foreign-policy concepts of the Russian leadership—decided his own destiny by using the ‘Oshchenko method.’ However, several staff associates serving under deep cover in the former KGB have practiced this method at times. Here, of course, one could joke that political-educational work within the ex-KGB was at a lower level than in the Ministry of Foreign Affairs. But as the saying goes, ‘in every joke....’”

...Within the embassy’s table of ranks, the 52-year-old Viktor Oshchenko held the high rank of councillor; officially speaking, he was engaged in economic affairs. Prior to his post in France, he had worked in the ranks of the KGB under diplomatic cover in Great Britain. It was there that his younger daughter Olga was born. Those intelligence people who know Oshchenko characterize him as a professional—one who preferred, as befitted him, to remain in the shadows.

As a disciplined staff associate, Oshchenko tried not to shirk his public assignments: he served on the commission within the embassy’s partkom for checking up on the implementation of the partkom’s decisions. When

the winds of perestroika reached the foreign-service institutions, Oshchenko—according to the testimony of eyewitnesses—showed himself as an orthodox communist at party meetings of the collective. They assert that he energetically opposed the departization of the embassy, and he spoke out in favor of retaining and preserving the basic principles of the CPSU.

In the diplomatic community he was known as an inveterate tennis-player and fan who would not miss—as a spectator—any first-class matches, above all, the French Open Clay Courts Championship—the tournament at Roland Garros Stadium.

...The last time that Oshchenko was seen on French soil together with his wife and younger daughter was on 24 July was when they were taking an evening stroll right near the embassy building on the Rue Decamps. It seems that he intended to have a look at the old chateaus in the Loire Valley prior to his departure. Not long before this he shipped his “Volga” passenger car by sea from Le Havre to St. Petersburg. He had obtained this car in Belgium but was all upset because it was “smoking”.... Previously he had also sent a French cultivator to the Homeland, intending to use it in working his garden plot near Moscow.

It was precisely from the city on the Neva that a telephone call was made to the Russian Embassy on Sunday, 26 July. Oshchenko’s older daughter was unsuccessfully trying to find him; she wanted to find out what she should do with the recently arrived “Volga.” After a brief search for the disappeared councillor on their own, the embassy undertook a series of official demarches: On 28 July it turned to the police commissariat of the 16th district, in which the Russian Embassy is situated, to the prefecture, and to the French Ministry of Foreign Affairs with a request to take measures with regard to search for the diplomat in question. After a series of phone calls from the embassy to the foreign political department, the latter replied that it had no information at all regarding the whereabouts of Oshchenko and his family.

Finally, on 5 August, one of the staff associates at the Russian Embassy discovered the official car of the missing councillor—with its diplomatic license plate—in the parking-lot of Paris’s Orly Airport. Nevertheless, they managed to keep Oshchenko’s disappearance secret for three whole weeks. But, as everybody knows, all secrets will out.... Last Wednesday evening a note devoted to him appeared in the newspaper PARISIENNE. On the following day the press office of the Foreign Intelligence Service reported to Moscow on the disappearance of a Russian Embassy councillor, a staff associate of the SVR [Foreign Intelligence Service], suspected of collaborating with one of the Western countries. Oshchenko’s “double game,” which was mentioned in the report of the SVR press office, was—very obviously—revealed by our country’s organs, after it had become clear that he was not going to return.

With regard to his departure, which has been evaluated in the Russian Embassy as unanticipated, various suppositions have been put forth. Some consider that his connection with the Western special services has roots extending back to those years when he served in Great Britain and—possibly—was close to another defector from the KGB—Gordiyevskiy. Others suppose that Oshchenko lost his firm footing when the usual or normal party-KGB structures came tumbling down.

Corruption, Careerism, Inefficiency in MFA Alleged

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in Russian 6 Aug 92 p 4

[Article by Andrey Tarelin, under rubric "Point of View": "Why I Left the MFA: Thoughts Aloud by a Class-I Aide"]

[Text] I decided to write specifically to NEZAVISIMAYA GAZETA inasmuch as it seems to me that it, more than other Russian organs of the press, has provided on its pages materials concerning the numerous problems of the Russian Ministry of Foreign Affairs [MFA], in the attempt to reflect as objectively as possible the essence of the processes occurring there.

From my point of view, by no means all the statements made by the various authors are indisputable. However, I scarcely think that anyone will agree with the statement that, on the whole, Russian foreign policy, as compared with former Soviet foreign policy, has begun conforming incomparably more to the genuine interests of the state, or has become more realistic, having departed from the ossified great-power vanities and ideological delusions. I would like to have this forward movement proceed more rapidly and more deeply, but, actually, all this is not so simple: various obstacles appear everywhere.

The chief deterrent is the fact that, in the multistory building on Smolenskaya Ploshchad, as is the situation throughout the territory of the former Soviet Union, a severe struggle is underway, a struggle that at times is without rules, in the most varied and sometimes even unpredictable aspects. All the sides in this struggle cannot be encompassed at once. I would like to dwell basically on one question—the struggle for a place in the sun. Why, actually, has this become more acute than it has ever been?

After returning recently from a Russian embassy in an African country, I was plunged involuntarily into an unattractive situation of irresponsibility, confusion, and uncertainty about their tomorrow on the part of most of my coworkers. That atmosphere created a favorable soil for factors that had always flourished in the union ministry—careerism, hypocrisy, scheming against one another, and the unlimited domination by permanent-staff workers of all kinds.

Has anything changed now? For the time being, not very much. Possibly the Russian minister and his deputies

truly want to construct their department's activities on fundamentally new principles, but the question arises: do they have many faithful supporters, especially at the level of ambassadors and other highly placed officials?

The overwhelming majority of the employees of the union ministry, as of the moment of its merger with the comparatively small Russian MFA, consisted of representatives of the highest and medium-level *nomenklatura* and their children and relatives, party workers of all kinds, who continuously supplemented the rolls through the Diplomatic Academy, concealed and obvious employees of the KGB, as well as certain other elements that would not have been given close access to diplomatic service if a competitive system for recruiting personnel had existed. And that entire motley conglomerate was up to its ears in its links with buddyism among relatives and with mutual protectionism.

The merger of the ministries could not change the cadre makeup. The people occupying the best places in Russian representations abroad continue to be the same individuals who were promoted along kinship lines.

It would be especially desirable to take a good look at the makeup of the cadre service. The curator of that service, deputy minister F. G. Kunadze, has expressed the opinion that "the nurturing of the cadres is a burden for everyone" (NEZAVISIMAYA GAZETA, 5 June 1992). He said that it is a rare thing for anyone to dream of becoming the chief of the personnel department. Possibly for a person who arrived comparatively recently within the walls of the building on Smolenskaya Ploshchad, this seems normal. But many oldtimers at MFA know from their own experience that the fastest road to the best places, and primarily abroad, has always been through work in the personnel administration and in the party committee.

The crux of the matter is entirely that, after all the restructurings, the makeup of the permanent-staff workers has remained almost unchanged. And these are basically people who are directly or indirectly linked with the KGB. They are former party secretaries who, during their entire labor activity, did not write a single analytical document, but had become somewhat of an expert in internal intrigues. They also include people who had been promoted by persons who previously had been all-powerful in the ministry. People have already begun forgetting the names of the protectors, but their proteges have attached themselves so tightly to the cadre caste that they are still sitting on the fifteenth and sixteenth floors, and have only changed their seats.

But what kind of changes could we have expected? Can one be surprised at certain seemingly improbable stories?

In 1988 first secretary B. appeared at the Soviet Embassy in Mauritania. Being at that time one of the cadre gods, he assumed that he had been created for service only somewhere in the center of Europe. Therefore his appointment to dusty Nouakchott was perceived as exile

as a result of intrigues by enemies of his father-in-law, who had recently retired. During every vacation that "offended" diplomat made desperate attempts to be transferred to a country that was worthy of him. In 1991 the cadres promised to transfer him to Algeria and he, having fallen out with most of the members of the collective at the embassy where he was the last party secretary, finally departed for Moscow. But his transfer to Algeria did not occur, and he came to an understanding with the ambassador that he would return to Mauritania.

When the people in the collective learned that B. would be returning to the embassy, the chief of the cadre service in Moscow was sent a letter of protest on behalf of the diplomatic-operations personnel. The enraged ambassador returned from vacation without his pet and, after submitting everyone to an interrogation under torture, became close friends only with the office manager and the cook. The head of the representation succeeded, in the course of several months, in chasing out all the previous personnel at the embassy, and in getting one person back. Almost ten months later, B. was again in Nouakchott, and when he arrived he received as currency the "travel pay" for the entire period of his absence. It is said that, right now, this irreplaceable diplomat is waiting for a transfer to... Europe.

How does one explain all this? Isn't it too much that in this regard someone is obligated to someone else? But now it is scarcely possible to find out by whom, in this instance, what cadre webs were woven.

And what about the question of the economizing of funds? The decision to reduce the staff at embassies by 30 percent was made by the Soviet leadership, but the implementation of that decision lasted for a long time. That same embassy in Mauritania was no longer financed by the Russian MFA. This also pertains to many other embassies. But if there is no money, then the question has to be resolved in a fundamental way: by closing embassies or by mothballing buildings in those countries where ties, practically speaking, are nonexistent or are minimal. In Dakar the ambassador from Japan is accredited to seven neighboring countries, including Mauritania. The diplomatic service of Great Britain, Canada, and many other countries operates in the same way. And is Russia really richer currently than they are? Also, there is scarcely any ambassador who will write to the Center that his embassy should be abolished!

Diplomats in all the Western countries know several years ahead about the procedure according to which their assignments will be made, but in the multistory building in Moscow no one can answer a single question about your fate. Once again everything is decided in the mystery of the office quiet.

So one can return again to the political aspect of the ministerial struggle that has been added to the ordinary MFA upheavals. In this regard G. F. Kunadze is absolutely right when, in the very same article, he mentions

the hidden apologists of the previous regimes. "The president has been replaced, the policy has changed, but they..."

But how will the esteemed deputy minister be able to change anything if he relies on the previous permanent-staff workers who have gone through all the previous regimes? Minister A. V. Kozyrev recently spoke about the possibility of a new attempt to carry out a coup in the country, without saying—obviously by virtue of the highest considerations—anything specific. But all this is on a countrywide scale. Are we really to believe that, deep within one's own department, it is so difficult to understand the situation?

Previously it always seemed to me that it is possible to achieve something by unselfish work, without having any *nomenklatura* relatives or without being a party worker or permanent-staff member, but even the August putsch failed to shake the MFA foundations. So people have got fed up with a situation in which your fate is decided by various "uncles." They are fed up with the atmosphere of disgust and shamelessness linked with all the old and new sins of the *nomenklatura* system. That is why I have decided to leave the MFA without waiting to be chased out.

'Style' of Prime Minister Suchocka's Polish Government Assessed

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Morning Edition p 6

[Article by Leonid Kornilov, IZVESTIYA correspondent: "Rage Building Up in Polish Society Over Unrealized Hopes"]

[Text] *Hanna Suchocka's government seems doomed to race the clock. That began the very day that Suchocka, then in London, announced that seven parties had decided to nominate her for the post of prime minister.*

Government Running Out of Time

She received the news pessimistically (in a phone conversation she told her sister that she perceived all of it in somber tones), but she immediately set off for the airport and flew to Warsaw. She formed her cabinet at the same breathless pace. W. Pawlak, her predecessor, took a whole month for the task and still found the time too short. She only needed one day.

But that is already history. A little over a month has passed since then. After the hastiness of the start one would assume that Suchocka and her team would take a more leisurely approach to affairs, testing and retesting their portfolios... Nothing of the kind.

Strikes have become the most important factor in this latest race against the clock. The workers and labor collectives of large state-run enterprises naturally direct all their complaints at the government, even though the problems accumulated in times past. Workers are on

strike, and everyone else—whether out of curiosity or out of greed—is watching the government expectantly, asking themselves: will it survive? The conflict has not yet been resolved, but the steps hurriedly taken by the cabinet cannot fail to evoke at the very least understanding on the part of anyone who is not completely blinded by bias or party ambitions. The prime minister and her ministers have reacted fairly well.

The strikes were employed as a means of pressure. But that method, no matter how powerful, is nonetheless momentary. Suchocka seems to have a taste for long-range solutions. Is it bad for a government to be prodded to action not only and not so much by protests as by the simple existence of deep-seated problems?

That was precisely the approach taken by the cabinet when in an early August session it approved five main areas on which efforts will be focused in the short term: transformation and privatization of state-run enterprises; a fair and secure state; a chance for agriculture and rural areas; restoration of public financial health; reinforcement of social guarantees.

Actually, all five of these areas are in response both to the strikers' challenge and to the challenge of the times in general. Even if there had been no strikes it would have been necessary to give those particular issues top priority. Note that all these things focus on speeding up economic transformations (particularly with regard to property) and freeing the economy of its heavy shackles.

All those serious shackles—intentional resistance, stagnation or concealed sabotage—have been accumulating for many months. If people were to say "Suchocka came in with her team and wrecked everything" that would be incorrect. Mainly because nothing has been wrecked yet. Only a start has been made, and apparently not a bad one.

Experts and analysts have already come up with numerous prescriptions for treating social and economic ills in post-communist Poland. For example, the lady prime minister herself has the greatest respect for the ideas and actions of the father of "shock therapy," L. Balcerowicz. To use a sports metaphor that is perhaps excusable now, right after the Olympics, one could say that the Suchocka government has truly accepted the relay baton. What remains to be seen is whether the sought-after stick will wind up in the hands of a comrade and fellow thinker or in the hands of the enemy. Though naturally her own concepts are already becoming evident.

They will very soon become well known. For instance, the top-priority issue—privatization—will be tackled before the end of August. So a new series of draft laws will be submitted to the Sejm by early fall. In any event, a program will begin to be implemented by the beginning of next year. While not rejecting the guidelines laid down previously by the Sejm, it will contain new elements, for example the "Pact on State Enterprises" which was recently described in IZVESTIYA.

It appears that the prime minister feels confident in her new post, but who knows what that woman must go through and think about every day and every hour? And what about her colleagues in the cabinet, the ministers?

Even fellow journalists from our country have been heard expressing the opinion that "the ministers in the Suchocka government are just the same as before." That is not true. Perhaps that perception is due to the fact that several key figures have in fact long been known and are even famous.

First and foremost these are minister of foreign affairs K. Skubiszewski (who has held that post continuously under all post-communist governments), minister of labor and social policy J. Kuron (who held the same position under the Mazowiecki government), and minister for integration into the European Community J. K. Bielecki (a former prime minister). There are several other "former" ministers. Yet 14 ministers are newcomers. That combination of experienced and youthful ministry heads will clearly have no adverse effect on the cabinet's quality; in any event, the government cannot be accused of uncertainty or excessive vacillation over the past month.

Incidentally, there are various points of view among politicians about the individual ministers and about the cabinet in general. The implacable "right-wing patriotic" Polish parties formed recently are openly opposed to it. The Accord of Centrist Forces is maintaining a certain neutrality toward it; it is particularly amazed by the fact that not a single one of its nominees has retained a ministerial post. Nor should we forget that four of the current ministers have been confirmed only "conditionally," against the recommendation of parliamentary commissions.

We Will All Take to the Streets

Of course, all that does not make a government of national accord into a government of touching universal unity. That is only natural, and could not have been otherwise. And yet the main positive feature of this cabinet has highlighted during its formation, and that was precisely the compromise that was achieved and the accord between influential political forces. Hanna Suchocka personifies an end to petty squabbles and feuds which the overwhelming majority of Poles are simply fed up with.

A cabinet is a matter of style. A style of work, of relations with other levels of power and with the public, of relations among its own members, and finally of its external behavior. A council of ministers is not a parliament; there is no time for lengthy discussions, and so brevity and speed are the creed of all cabinet sessions, as has already been noted by observers. One of the principles of its work is to be well acquainted with the positions held by individual groups and collectives, but on the whole to firmly defend the interests of society as a whole. H. Suchocka and, judging by first appearances, her government as well are notable for a style which is steady, well-reasoned and calm, but also resolute. That

style is manifested in specific approaches both domestically and in the international arena. I recall something Suchocka said to the Sejm as she assumed her duties as prime minister: "Today we border countries with which Poland can conduct a policy of friendship. That is an opportunity which we must not squander..."

Now what is practically the first foreign policy step toward seizing that opportunity is about to be made: on 6-7 September H. Suchocka plans a visit to Russia, to Kaliningrad Oblast, where she will meet with Ye. Gaydar. The difficulties which developed in our economic relations following the May meeting between the two countries' presidents in Moscow are beginning to be dispelled. It was with the Suchocka government that the Russian side was able, during a visit to Warsaw by Minister P. O. Aven, to reach agreement on matters of great importance to the future of bilateral economic relations. Furthermore I would go so far as to say that in this case as well one could sense that same style: steady, well-meaning and as notable for adherence to principles and protection of national interests as for a willingness to compromise.

...Everything would seem to be going fairly well, were it not for one circumstance. The short line of people at the checkout counter in the self-service store next door to our home in Warsaw.

The people in line were making so much noise that finally the cashier asked them to be quiet. What were they talking about?

"And they are doing the right thing by going on strike!" exclaimed one woman. "And we will all take to the streets. Everything is getting more expensive, and where will we get the money to pay for it?"

A survey indicates that 57 percent of Poles are afraid that they will be reduced to poverty and hunger in the near future. Only 6 percent of those surveyed by sociologists firmly replied that they would not have to go hungry. One person in three hopes to be able to avoid poverty. Two Poles out of every one hundred claim that they are already going hungry today.

People are not just delighted because Poland has its first female prime minister and because she is charming, intelligent and sincere. They are expecting action from her, expecting her to reduce unemployment, get the economy back on track, improve living conditions and launch a war on corruption instead of this "war at the top." All indications are that in Polish society, a society not particularly noted for ideal social patience, rage is building up over unrealized hopes. And if society does not see a tangible effect from the government's actions, then it will withdraw its support of the government. Then one can expect the worst—sympathy in a calm situation is one thing, emotions in a turbulent one quite another.

As Alexander Hall, a well-known politician, Sejm deputy and deputy chairman of the Democratic Union Party, assesses the situation in Poland: "Under conditions of protracted anarchy and a situation of non-government, when the president is merely a prop, with real power in the hands of today's trade union bosses, then a so-called 'strong man' government could emerge." Can H. Suchocka herself be the one to demonstrate a "strong hand"? Or is there someone else who is already planning to do so?...

...And so, although there is hope, it cannot be said that all the fears have disappeared yet.

POLITICAL AFFAIRS

Khmara Criticizes Direction of Official Policies

92UN1953A Lvov ZA VILNU UKRAYINU
in Ukrainian 23 Jul 92 pp 1-2

[Interview with Stepan Khmara, Ukrainian people's deputy, head of the Ukrainian Conservative Republican Party, by Mariya Bazelyuk; place and date not given: "There Is No Price That Cannot Be Paid for Ukraine's Independence"]

[Text]

[Bazelyuk] After the meeting between the presidents of Ukraine and Russia in Dagomys, the conference of the CIS leaders in Moscow, and the recent developments which have occurred—in particular—at the session of the Supreme Council [Rada], alarming symptoms have manifested themselves to the effect that Ukraine's policy is becoming more and more dependent upon Russia; a dangerous situation is being created which threatens our state sovereignty. How do you, Stepan Ilkovych, assess the present political situation in Ukraine?

[Khmara] Immediately after the Dagomys meeting between Yeltsin and Kravchuk, the leadership of our party issued a statement containing a fundamental, principled assessment of what had transpired there. We consider this meeting to be a conspiracy against Ukraine. Kravchuk politically surrendered Ukraine to Russia. At Dagomys it was asserted and affirmed that the previously signed agreements with regard to the CIS would be abrogated, especially the Minsk accord, which emphasizes the existence of Ukraine as an autonomous, independent state; there was a retreat from what had already been worked out. Prior to his speech, Kravchuk even annulled his own previous decision, in particular, his Ukase dated 7 April of this year, and proceeded to subordinate Ukraine to all the armed forces stationed on its territory. Once again he spoke about common or mutual strategic forces, and even about the point that these strategic forces would be served in by persons who had left Russia and other states, just so long as they take the Russian oath. If that were to be the case, then we would not have our own army. Kravchuk rebounded the principle of a cordon or a secure border, and that means that he has renounced the principle of state sovereignty. Another serious concern and possible danger has arisen connected with the introduction of our own currency. Russia has insisted on the condition or proviso that our monetary unit be nonconvertible so as to "kill" the very idea of a Ukrainian hard currency. And without our own convertible money, there would be no state sovereignty. Kravchuk is not building a sovereign state; on the contrary, he is proceeding to renovate and transform the imperial structures. The former Ministry of Highways has incurred a debt of more than 500 billion karbovantsy to the Union for railroads, and the profits from railroads must be given to Moscow; freight which is hauled from Russia through Ukrainian territory will just costs us

more profits. The situation is the same with regard to electric-power engineering. During the period from 1990 through April 1992 alone we have not earned one penny of hard currency for exporting electric power produced in Ukraine, but more than a billion dollars went to Moscow. That's how they have been robbing us. That's how things have turned out.

At the session of the Supreme Council I demanded that the documents which had been signed in Dagomys be circulated among the deputies and that they consider the question as to whether they should ratify them or reject them. Kravchuk insolently declared that we would approve those accords signed in Dagomys, even without the highest organ of state power having to be informed about what had actually occurred there. Moreover, no document signed by Kravchuk with regard to the CIS—except for the Minsk accord regarding the introduction of cooperation—has been submitted for ratification by the Supreme Council. Therefore, the president is greatly to blame for violating the laws of Ukraine.

Our party's leaders have declared that at Dagomys such persons as Kravchuk, Plyushch, and Fokin entered upon the path of betraying Ukraine's national interests.

[Bazelyuk] At the latest conference of the CIS heads a decision was adopted to create an economic court for the CIS. Is this not a step toward resurrecting the former, Union-type, imperial structures?

[Khmara] It certainly is. An effort is being made to recreate all the imperial structures, only under a sign-board or aegis somewhat different from the one which has been banned. Accords have already been signed between the academies concerning a unified or integrated scientific space, as well as accords regarding a unified news and information space. And, therefore, those lies and fictions which proceed from Moscow will continue to be widely broadcast and propagated; a "unified cultural space," that is to say, all the imperial structures of that aspect or field will also be revived and restored. Kravchuk has decided or resolved to attach Ukraine to the Russian empire, but under somewhat different propagandistic auspices, having changing the banners and symbols, but leaving all the rest as is was before. It's my guess that there was some kind of counter-conspiracy here, and Kravchuk promised that he would lead Ukraine into the Union, but also said—in effect—don't be disturbed; I know how to do this.

[Bazelyuk] State policy depends not merely upon those three persons whom you named. There is also the Supreme Council. What impells its deputies to protect and defend the state interests of Ukraine? Well then, we have placed great hopes of those persons who—during the election campaign—promised that Ukraine would be truly independent.

[Khmara] It is certainly the case that neither Kravchuk, Plyushch, nor Fokin could have conducted themselves so

rashly and insolently if there had been a genuine opposition. At the present time there is no organized opposition, and the blame for that lies with those persons who have become deputies, as well as leaders of public, civic organizations and political parties. I am unpleasantly surprised that none of the political parties except ours has assessed this Dagomys conspiracy, which I have termed a "Munich-type agreement for Ukraine."

Why do the deputies behave this way? Why have they allowed such a situation to evolve? Here in front of me are the results of the roll-call vote of no-confidence in the Fokin government. Unfortunately, such prominent figures as Dmytro Pavlychko, the Horyn brothers, Oles Shevchenko, and others refused to vote for no-confidence. Not merely the partocrats but even the above-mentioned persons supported Fokin and his anti-people government, and this could have catastrophic consequences for Ukraine. These "honorable" pseudodemocrats were in the same machine-gun wagon, as Morozov, and they did everything to prevent the Fokin government from being dismissed.

[Bazelyuk] Frequently such a stance is motivated by the fact that we have nobody who could take Fokin's place....

[Khmara] Ukraine has quite a high level of education; we have many persons who are capable, qualified, talented, decent, and prepared to work hard in a self-sacrificing manner. It's just that the state-type, bureaucratic, nomenklatura mafia does not give them a chance, saying that nobody can "rule" except them. But that is not the case. For example, there is a people's deputy from Transcarpathia named Ivan Ivanovich Gerts—a splendid, businesslike, and decent person who thinks in an up-to-day way and is well-educated; he is the type of person who could head up the government. I could name other candidates, and still others could be found. But Kravchuk, Fokin, Plyushch and the rest of these mafia types have no interest in doing so. All they want to do now is to "harvest" Ukraine, to play it for all it's worth. Nor is there any desire or interest in such things on the part of those deputies who have placed their own ambitions above those of the state and the national interests, and who live in accordance with the following principle: "Ukraine is for me, rather than I for Ukraine." Let people know who's who and judge them by their deeds rather than by their words.

[Bazelyuk] People have become disillusioned with the democrats; now people are leaning more and more toward those politicians who stand on the principle of Ukrainian nationalism, who are capable of building a sovereign state, based on the lofty moral principle of Ukrainian nationalism. What are your thoughts on this subject?

[Khmara] I agree absolutely. We must recall and bear in mind the essence of Ukrainian nationalism. Let's take a glance just at those slogans put forth by such sharp-sighted idealists: "God and Ukraine," "Freedom for the Nations—Freedom for the People." Their rule was not

to separate the idea from the deed, nor from the quality of sacrifice. We must come to understand for ourselves that we will not achieve our goal unless we are guided by those same principles that they were guided by: There is no price which cannot be paid for Ukraine's freedom and independence. For political activists—and all the more so for the leaders—any talk of personal comfort or profit is out of harmony with the building of the state. Unless they are prepared for sacrifice, such persons cannot be leaders.

[Bazelyuk] We have placed great hopes on the Ukrainian Constitution, and a draft of it is already in existence. Judging from the latter, an anti-Ukrainian Constitution is being proposed for us.

[Khmara] If this draft were to be adopted, the Ukrainian people will not see their own state because this explosive mine would be placed under the Ukraine's state sovereignty. Let me remind you that a month before the discussion Mykhaylo Horyn praised this draft and told us that it absolutely must be adopted. But I think that this draft should be thrown into the trash bin. Let me dwell for a while on just three conceptual factors which adversely affect Ukrainian state sovereignty. First, the Ukrainian people are not proclaimed to be the subject of creating a state by this "constitution." Instead, the reactionary, anti-Ukrainian forces are attempting—under the screen of according priority to human rights—to preserve the status quo and the lack of rights in the situation of the Ukrainian people, a situation which evolved as the result of a colonial yoke lasting many centuries. Article 107 contains a shameful paragraph which states that in places with a compact population of national minorities, such people—by means of expressing their wishes and desires—shall be able to create a national-territorial administrative autonomy. This is an explosive mine under Ukraine's territorial integrity.

Third, the appointment of presidential representatives, i.e., deputies, in the regions is another way of depriving the people of their right to be the subject of authority or power. We cannot permit such a constitution to be adopted. To this end, we must achieve the dissolution of the Supreme Council and the scheduling of new elections.

[Bazelyuk] The draft of the Constitution does not say anything about a state language....

[Khmara] Moreover, it contains no mention whatsoever of the "Ukrainian people" as such. Of course, you understand that this is an intentional omission. At the session I emphasized that the Ukrainian people—and nothing else—has to be designated as the subject of creating the state. It has to create a democratic state based on the rule of law, and it has to take care of the economic, cultural, and political rights of the national minorities. But in no case can the Ukrainian people allow its will and wishes to be dictated by the national minorities. Such human rights and democracy can be

discussed so long as the slighted and rightless people are the absolute majority—the Ukrainian people on their own land. But surely God—the highest judge—distributed the land to the peoples. We received it from him, not with foreigners or newcomers; and we alone have the right to create a state on it. Natural law is the highest law.

[Bazelyuk] As a Ukrainian woman, I am hurt and insulted that I have been deprived of the right to have it recorded in my passport that I am Ukrainian.

[Khmara] People have come accustomed to such hurts and insults. What hurts is that there is no indication of nationality; what hurts is that the Russian language is used for this purpose. There is no schedule for residence permits. To this day we have not created a state nor a secure border; we have lost of passport registration; these are anti-Ukrainian diversions. Only when the process of building a state has been completed can we talk about matters such as residence permits or passports, for the coming avalanche of various foreigners into Ukraine has nothing in common with what is essentially Ukrainian.

[Bazelyuk] But won't there come a time when the Ukrainian Supreme Council will speak about those Ukrainians who—not of their own free will—found themselves in foreign regions and are now weeping from hurt and insult that people in Ukraine have forgotten about them?

[Khmara] You have brought up many painful questions. On that subject, several days ago a document came into my hands, signed by a certain official of the president's team. It was a reply to a person whose family had been deported to Siberia and nowadays is living in Latvia. This official even distorted the law on citizenship, misinforming people by saying that they have no right to Ukrainian citizenship. In point of fact, all Ukrainians living beyond the borders of Ukraine have that right, all the more so if they have been subjected to repression: They should have the right to return even out-of-turn and be generously compensated for damages they have suffered from the quasi-occupation by the communist regime. Unfortunately, the presidential administration shows no interest in such people who have been subjected to repression. Moreover, money has already been earmarked for enabling 50,000 Germans to return to Ukraine, and by the year 2000 it is planned to have as many as 260,000 of them returned. Meanwhile, however, nothing has been allocated for Ukrainians who were deported to foreign lands. This is an evil, disgraceful, anti-national policy. The president is following a clearly anti-Ukrainian line; he does not respect his own people; he is not protecting or defending their interests; and he is afraid to rely upon them.

[Bazelyuk] Stepan Ilkovich, I see that you have a great deal of mail, and the latter is always a tuning fork of the moods and attitudes in the society. Would you care to comment on this?

[Khmara] Indeed, the mail is unusually large these days. I receive news and information from all areas of Ukraine

and from outside our country. I have not encountered a positive or favorable response to the president's administration in any one of these letters. Perhaps it would be worthwhile to quote from some of them. Here's a letter from Kryvoy Rog, written in Russian: "We are Ukrainians, but we don't even know our native language. Still, our souls are Ukrainian, and we are with you. If I join any party, it would be yours." Here's a letter from Moldova in which the author writes that he sends greetings not only to the Ukrainians of the Left Bank, but also of the Right Bank. And he goes on to say the following words: "Our son graduated from school and wanted to continue his education in Ukraine; he wrote a letter to Odessa University, but received a reply stating that although we are Ukrainians, in the official eyes of Ukraine—we are foreigners, and so—in order to receive an education—he would have to pay a considerable amount of money. I ask you to bring this matter up before the Supreme Council. Ukraine ought to immediately take all Ukrainians under its protection and not allow them to be blocked or hindered." It's impossible not to sympathize with these Ukrainians in Moldova.

A letter from Vinnytsa deserves serious attention. "In our own state only the Ukrainian people should be in power. Here in Vinnytsa M. Didyk, the president's representative, used methods involving force to appoint one Vitya Dvorkis as mayor. This action has caused a substantial amount of disgust and repugnance. People from outside have come into our city and are endeavoring to privatize everything. The chauvinists are raising their heads: "I'm going to see Dvorkis and complain." And yesterday I was shown a document in which it is stated that Dvorkis wants to engage in distributing land, etc."

[Bazelyuk] Such letters are a good illustration of the political situation in Ukraine—something about which you have spoken here. It is pessimistic, but what kind of solution is there?

[Khmara] I think that the most important need is to restore the health of structures so that we can agree to coordinate our actions together. First of all, I would like to turn our attention to creating independent trade unions so that they can stand on the following principles: Only in an independent Ukrainian state—one based on the rule of law—can we count on social protection. Such trade unions would constitute a reliable barrier against the evil of "privatization," compulsion from the authorities in power, and the management of enterprises responsible for plundering the national resources in Ukraine. Our party will favor the creation of such trade unions. They already exist and have started to operate under incredibly difficult conditions. First of all, the VOST [All-Ukrainian Association for Workers' Solidarity]. The trade union "Volya" exists in Lvov. Its activists underwent difficult experiences, but they held out and prevailed.

[Bazelyuk] How do you view the role to be played by the party which you head up in the state-building processes in Ukraine?

[Khmara] We are guided by the desire that power in Ukraine belong to the people and especially its national structures. What do we mean by them? They should immediately create a safe, secure situation within which individual parties would declare that they will struggle for power. This could bring about disputes between the parties. During the election period each party would strive to put forth its own candidates, even the worst among them. Our approach is different. In particular, I favor a situation whereby we see the strongest candidate in whatever district—one who would transcend his own ambitions and become a candidate, whether from our party or not. I am disturbed by the lack of understanding on the part of most of our political leaders, who say that elections should be conducted on a multi-party basis. We are not yet prepared or ready for this. I consider that no more than a fourth of the deputies could be elected on a multi-party basis. Our democratic parties are few in number and without financing. In addition to that, there is an unhealthy tendency among the leaders to demand that they also be taken into account. At the same time, however, such "opponents" as the Socialist Party, that is, the neocommunist party of the old nomenklatura, have great financial potentials; their own people are in the state structures at all levels. Oleksandr Moroz, the leader of the Socialist Party—this former head of Group 239, carries out and provides his own functions. On the conscience of Moroz and his followers is the restraint of the political, legal, and economic reforms in Ukraine.

Several functionaries of this party—those former leaders of the evil organization of the CPSU and CPU [Ukrainian Communist Party] have been prohibited from holding office. Logic suggests that the Socialist Party itself does not have the right to exist. It engages in anti-state activity. If our authorities were Ukrainian rather than Little Russian and pro-communist, the responsible law-enforcement organs would have turned their attention to the anti-state activity of Morozov's party. Only their removal from the arena will make it possible to quiet down the evil elements and clear away the path for building a truly independent Ukraine.

Kiev Representatives Discuss First Hundred Days in Office

92UN1947A Kiev *VECHERNIY KIYEV* in Russian
30 Jul 92 pp 1-2

[Interview under rubric "All the President's Men," conducted by Aleksandr Zorka: "The First Step Is Hardest.... Let's Go!"]

[Text] Leonid Kravchuk celebrated the first 100 days of his presidency by holding a press-conference for Ukrainian and foreign mass information media.

Ivan Saliy, representative of the president of Ukraine in the city of Kiev, was not original either: the materials of

his press conference on the occasion of 100 days of existence of the city administration were published in the press, along with commentary, including in our newspaper.

So this time we decided to free the chairmen of the state administration in the various rayons of the city from the necessity of each holding an individual press conference on the occasion of their 100-day jubilee, by inviting them to a meeting on the editorial offices.

And so, the following representatives of the President of Ukraine in the rayons of the city of Kiev participated in the conversation:

Darnitskiy—Valeriy Kiryan;
Zaliznichnyy—Valeriy Titarchuk;
Minskiy—Viktor Kirichenko;
Moskovskiy—Nikolay Bidzilya;
Pecherskiy—Leonid Kosakivskiy;
Podolskiy—Grigoriy Romanyuk;
Starokievskiy—Boris Andresyuk;
Kharkovskiy—Nikolay Kirilyuk.

As a matter of fact, the questions we proposed for discussion were the traditional ones for any press conference, in particular:

What have the representatives of the President accomplished locally, and what have they failed to accomplish, in the first 100 days since the moment of formation of state administration in the rayons of the capital?

G. Romanyuk: Personally I've concluded that we have now formed in the rayon a state administration team that can work. Second, I think that we have succeeded in keeping the complex situation in the city from sliding into disaster; at any rate we have prevented it from worsening in all these 100 days, and in certain respects we have even improved it. The work in each of the directions of our activity—whether construction, or development of the social-cultural sphere—has been unceasing. For all of this, obviously, funds are necessary. I think that each of us invited to the editorial offices for this discussion has in one way or another coped with this question in his own rayon. Thus, for example, the central rayons may be in a somewhat better position, but I have put the following into the practice of relations with establishments and organizations which have an interest in Podol: You enter Podol, you pay. Currently the rayon's profits come to almost 110 million rubles. And I have channeled practically all these funds into strengthening the social sphere of the rayon. The rayon budget has been consolidated now and, I would like to note, there is no deficit.

And so, in my view, during this 100 days, a pretty good start has been made. Of course, not every issue can be immediately resolved, just like that, in three months, but, I repeat, we have every capability for developing in positive ways in the future as well. This is the main conclusion.

The goal of achieving true proprietorship in economic, social, and consumer affairs—that is the real goal.

V. Kirichenko: I would like to emphasize in particular that Kievans during these 100 days have come to a full understanding of just what state administration is. After all, the question of authority in the city and the rayons, you must agree, was rather confused. This also applies to the activity of the soviets themselves, and to our relations today—that is, the state administration and the soviets. But to the ordinary citizen, it makes no difference what the reason is for his family's falling standard of living, whether it is because some party at the helm is trying to resolve its own purely political problems, or because in the struggle for power the political cliques don't have time for the needs of the ordinary citizen. And life gets worse and worse in the meantime. Hence the necessity for a structure of executive authority that functions independently of political parties and groups. Such a structure has been created and is now functioning.

Another question which I would like to raise touches on relations between the state administration and entrepreneurs. With the setting-up of commercial-communal enterprises on the base of certain former state structures, freedom of choice has been given thereby to the entrepreneur. And these structures have begun actively working not only to provide for their own specific welfare, but also to develop the social sphere of the rayon. I could cite a number of such examples, but the main thing, in my view, is that the foundation has been laid.

G. Romanyuk: Formerly we operated in terms of the entire vast state, sometimes even to our own detriment. Now that relations with entrepreneurs have become different, so that they themselves are the proprietors of what they produce, the situation has begun to change for the better. Analyzing it, we have acquired a feeling of definite optimism, which, I think, my colleagues also share.

V. Kiryan: Leaders today sense that they have real authority, and the Ukrainian State Property Fund acted properly by making it a practice to confirm a new administrator only after consulting state administration. Today each of the chairmen of state administration in the rayons has his own system for bringing funds from entrepreneurs into the rayon budget. Our system differs somewhat from those already discussed, but it is operating very effectively and allows us to bring in significant funds for the development of the social sphere. We have the ability to reward people for their work, without leaving the formation of our own budget to drift at random. It may be in the form of taxes, or rent, or on a competitive basis, but we're bringing these funds in fairly successfully.

V. Kirichenko: We have gotten poorer, but the money around us has increased.

Under such conditions, the tax services also ought to operate differently.

L. Kosakivskiy: The city has so many sources of budget revenue that the question of forming a budget can in principle be resolved fairly efficiently, if we find definite mechanisms for obtaining funds, try them out, and put them into practice. But I'm not "discovering America" for any of those present when I say that there are many outfits in the city which are making a fortune off of our common difficulties. And so the main thing, in my view, is to determine our own capacities. But the tax service, as my colleagues have said, is in no position right now to confiscate these funds.

For example, I recently signed an order to create a new subunit of the rayon state administration to oversee tax legislation. This subunit has been given appropriate powers to put the tax system into order. We need to have the ability not only to give moral support to this or that official, but also to help put him on his feet in the material sense.

G. Romanyuk: In the final analysis, we are all deeply concerned for the entire city, but according to our own capabilities and resources. In coping with this or that problem, we rely on one another, we help one another, without dumping our own problems on the city's state administration.

L. Kosakivskiy: But after all there is another trend and it, alas, is still going strong: when it comes to property or collecting profits—that's city business; but when it comes to solving a specific problem of a specific individual—then it's back to the rayon.

B. Andresyuk: In this regard the draft Law on the Capital of Ukraine is very revealing: it still focuses a lot more on politics than on any thorough handling of the capital's economic problems. Meanwhile, using specifically economic levers we could significantly improve life in the city. Let me call your attention to this: the state administration has no legal basis for accessing the private property, say, of the Cabinet of Ministers or the Ukrainian State Agroindustrial Committee. And meanwhile, these outfits are located in the territory of the rayon and they require some attention. But we are outflanked, we can't take a step because of departmental instructions.

N. Bidzilya: Strictly speaking, the law itself has been formulated, it seems to me, specifically in terms of political ambitions. All the rayons in fact have state outfits which, however surprising this may be, do not belong to the city and give nothing to the city. If this matter were handled reasonably, the city's profit could be tripled. But in the draft Law this vital economic aspect is essentially supplanted by efforts to determine which is most important: the Cabinet of Ministers, some other governmental establishment, or the city and rayon administration.

V. Kiryan: Thanks to VECHERKA, which has brought us together to do a kind of summing up of the 100 days

our administration has existed, we have the opportunity not only to share our worries, to discuss what has been accomplished and what hasn't, but also to borrow some experience from one another in order to cope with these and other problems. These 100 days have not only determined certain positive shifts in the life of the city, but also have revealed to us the causes of mismanagement in the rayons.

We have already begun to set things to order here: in the near future we will carry out re-registration of all trade outlets and kiosks which have come to be hotbeds of a rather dubious night life in our streets. I think that the city should begin by imposing some basic order.

N. Bidzilya: All of us believe in bringing order to the city. Of course, 100 days is a little too soon to allow any tallying up, but I personally believe it is reasonable to focus on a couple of aspects: trade, municipal property, and the consumer sphere should be brought into the market with our help. After all, these spheres are rife with abuses and conditions fostering crime.

Second, in our rayon we are trying to work together primarily with the people who are producing something.

Third, we must support the collectives of state enterprises, because these are our people.

G. Romanyuk: But also add to the list all the establishments of culture and education which are coming to us with outstretched hands, also the unwillingness of certain state enterprises of trade and consumer services to change anything in their activities. I have noticed that where commercial outfits have been set up successfully in this sphere, things have gone well and positive changes are apparent. Where things have remained as they were, we encounter desperate opposition. I wouldn't want to ascribe this to the existence of mafia-type outfits, but the fact remains that changes there are proving very difficult.

B. Andresyuk: In my view, the thing is that certain services have remained in their old positions and are hardly performing their functions at all. Which of us has not had to cope with problems of supplying the public with butter and sugar? Should the state administration have to be concerned with that too?

G. Romanyuk: I would like to address the present state trade and consumer service outfits: why "stick your head under the blanket," if the work suffers from it? Because that is a big, big obstacle in developing the social sphere.

N. Kirilyuk: In the final analysis, we all face the exact same problems, although all 14 rayons of the city are different from one another. In contrast to the central rayons, the hand of civilization, so to speak, has not touched everywhere on the city's left bank. In Osokorki, for example, there is still no radio network. So I would like to say that the viability of state administration will be confirmed above all by its effectiveness in resolving

these or other concrete problems about which my colleagues have already spoken.

I have noticed that no matter what we've talked about, one way or another we keep coming back to economic problems. There is nothing surprising in that: if we don't resolve economic problems, there won't be any improvement in our lives. We can cry as much as we like on one another's shoulders, but until we impose elementary order in all spheres of our life, state administration locally will not have a peaceful life.

V. Titarchuk: In this pursuit of the marketplace we have somehow forgotten that the transition to it is difficult, complex, and takes a long time. Do we really have the right to leave our people to the whims of fate? After all, the ranks of people who are vulnerable in the social sphere—pensioners, invalids, and the needy—are about to be swelled by a great army of workers from the state enterprises. For 70 years we have told these people that the state would take care of them. That's the way it was.... But if the state does nothing to implement its marvelous laws on the social protection of the people, then, one way or another, it's on our shoulders. If we say that it's not our business, we lose a human being.

I would like for all of us to understand the situation which has taken shape: we ourselves are the first, and so for us it is hardest of all.

We have already made many mistakes, and I am sure we'll continue to make them. But we must assume the responsibility to carry the load which we have shouldered, with all its problems.

I believe there is a unified team in the capital today. If we have accomplished anything, it is thanks to the fact that we have become a unified whole, and the achievement of one of us becomes the achievement of all the others.

Only in this way can we resolve the problems of our city's life. I hope that my colleagues and the readers of VECHERKA who were, in their way, the arbiters of today's meeting, will share this optimism.

From the editors: Of course, the improvised roundtable with representatives of the President of Ukraine in the rayons of the city of Kiev is going to elicit all kinds of reactions from our readers. However, no matter what these reactions may be, above all we would like to convey to our readers the charge of optimism which prevailed in our conversation, which the newspaper this time, for all its opposition to authority, shares utterly and completely. Because this, we believe, is the kind of situation where the interests of the state administration and the newspaper coincide: we all want our lives to become better. That is our common interest.

And, as it turns out, that interest is not the only one: because of their appreciation of the traditional newspaper

celebration which VECHERKA holds annually, the representatives of the President of Ukraine have offered assistance in organizing and conducting the celebration this year.

For that, of course, we and all Kievans will be truly grateful to them.

Greater Powers for Cities Urged

92UN1946A Kiev GOLOS UKRAINY in Russian
11 Aug 92 p 3

[Article by Anatoliy Tkachuk, people's deputy of Ukraine, and Yuriy Ganushchak, deputy of the Khmel-nitskiy City Soviet: "A Law of Magdeburg for the Cities"]

[Text] Our parliament, after passing over 130 laws within two years, has only just succeeded in filling in a significant legislative gap which remained from the era of "developed socialism." The deputies simply can't manage to lay down a solid groundwork for new normative acts, quite apart from refining those which have already been passed, and overseeing their execution. And so a paradoxical situation arises: the more laws that are passed, the wider become the horizons for further legislative activity.

With each passing day, the load of problems unregulated by legislation becomes heavier, increasing the social tension. In such a situation, it would be logical to transfer a part of the questions demanding resolution from the Supreme Soviet to the local level. Unfortunately, the Ukraine Law "On Introducing Changes in the Ukrainian SSR Law 'On Local Soviets of Peoples Deputies and Local Self-Government,'" which was passed recently, reminds us of the proverb: "I wish I could but I'm afraid and Mama won't let me." On the one hand, the Law draws the boundary between self-government functions and state functions; on the other, it does not provide for self-government itself. For example, the right of local soviets to impose taxes and fines has no mechanism for collecting them. The right to put together local budgets independently also remains illusory, for there are no normatives for budgetary provisions per single inhabitant. As a result, local budgets for 1992 have just not been put together.

One cannot fail to be disturbed by the trend toward the authorization of power at all levels, so familiar to us from the recent past. But, while the concentration of power at the oblast level can still be explained by this era's need to establish a state and conduct reforms, the granting of practically unlimited rights to the chairmen of city soviets and narrowing of the rights of representative organs does not fully correspond to world practice of forming municipal self-government.

It appears to us that still another substantial shortcoming of the adopted Law is the fact that it embodies a unitary mechanism of possibilities of legal regulation for soviets at different levels. The question is: who has the right to establish their own laws? The Supreme Soviet has so far

answered this question unambiguously: no one, except itself. And this, in principle, is correct. But power out to be shared. The most promising administrative level which might be given the right to set norms is the city. Since the city is the closest of all to the voters, it would be the most capable of reacting flexibly to changes in the political and economic situation. In addition, the city's higher intellectual potential could be drawn into resolving municipal problems. Otherwise, this force, finding no outlets in the rigid legislative system, would be impelled to seek application at the regional level. And Kiev's inflexibility in this case would be assessed in the manner that is familiar from the example of the Crimea. No less important is the fact that at the city level it is easiest to monitor the social reaction to reforms. And the soviets could play the role of a buffer between the central organs and the public. The present opponent of government—namely, the city soviets—would turn willy-nilly into its confederate. In the context of the foregoing, we would like to draw attention to still another thing. Legislative ideas, finding a testing ground at the city level, would be able to avoid mistakes at the state level (and there are plenty of those, as we know), and would afford a fine school for political leaders—a parliamentary reserve.

Specifically what rights should be given to cities? World practice attests that the local level may be given all powers which do not infringe on the exclusive competence of the state, and which cannot be exploited to harm the state or its neighbors. Essentially, these are questions of administrative law. Relations between oblast and city soviets must be constructed on a basis of parity, where the powers of each are precisely delineated by state laws and by mutual agreements. The executive structures of cities, including the municipal militia, should be subordinate only to the city soviet. Functions of a state nature should be carried out by organs under a vertical subordination.

The budgets of population centers at the base level should ideally be formed from a precisely determined percentage of deductions from all forms of taxes paid by all enterprises (regardless of their subordination and form of ownership), to be established by the Supreme Soviet for the entire period of its authority, specifically for each category of city, and also from local taxes to accommodate territorial finances and the interests of the state. The question of putting together city budgets is fairly complex, and under current conditions there isn't even anyone to read through the different options for forming them. The main thing here is not to introduce dissension between the cities and territories. After all, the state is one big family, where everyone helps one another. Therefore, the state budget should also be strong enough to provide earmarked subsidies to cover local budget deficits of individual cities or regions. Of course, in doing this, we must rule out the possibility of withdrawing funds from just any budget in a manner outside of legal procedure.

How do we introduce the changes outlined here? History reminds us that the Law of Magdeburg was granted only to those cities which could actually use it, where the concentration of intellect had reached a critical mass. It is ultimately this, not mere population level, which distinguishes a city from a village, a settlement, or a rayon center. So cities which claim the right must present the Supreme Soviet with material proving that city autonomy is well-founded: drafts of a charter, development programs, model organizations of self-government, and so forth. Finally, all these questions might be discussed at a conference of representatives of city soviets, the necessity for whose convocation has long since been apparent.

The scheme outlined here is successfully used in many countries which are generally accepted as civilized; therefore it makes sense to borrow their experience, without waiting for a complete breakdown of municipal operations. But in order for cities and territories to obtain greater independence in dealing with their own problems, they themselves, as long-time world experience attests, must prepare documents on questions of organizing their life and turn them over, along with estimates and justifications, to the state parliament for examination. So far, however, things have not gone past the talking stage here; not one such document has yet been submitted to the Supreme Soviet.

Editor on New Subscription Campaign

92UN1968A Kiev *VECHERNIY KIYEV* in Russian
12 Aug 92 p 1

[Editorial by Vitaliy Karpenko, editor in chief: "VECHERNIY KIYEV-93 Subscription Campaign To Begin on 15 August"]

[Text] And so, it's subscription time again. And with it come troubles, worries, and hopes. Troubles about the precisely correct organization of this always complicated—and now 100 times more complicated—matter. Worries about how the subscription campaign will proceed, about the difficult fate of an independent press (i.e., one which is dependent solely upon its subscribers) under the critical conditions of making the transition to a market-type economy. Hopes that *VECHERNIY KIYEV* must survive even in the present-day, extra-complicated situation, will retain its readers, and—just as before—will take an active and aggressive stance in the common or general democratic process.

You will recall, esteemed readers, what a crisis befell our newspaper (and not only ours) at the beginning of this year. The mad, upward spiral of prices for paper, printing and postal services pushed this newspaper to the brink of extinction. The money earned by the annual subscription for 1992 was not sufficient even for the first quarter, because we had set the subscriber's price for each copy at 8 kopeks, whereas the printers and communications people were charging us 10 times that much. We were confronted by a dilemma: Either to declare

ourselves bankrupt and stop putting out our newspaper, or turn for help from our faithful friends—the readers—and declare a resubscription to begin on 1 April. We chose the second path, though recognizing that the procedure of increasing the subscription price would harshly impact the already cleaned-out pockets of our subscribers.

Of course, there were people who were dissatisfied with this enforced step; our hearts contracted with pain when we read letters from our least protected readers—pensioners, veterans, invalids and disabled persons. But—on the whole—people supported us: They economized on food and clothing, but they continued their subscriptions at the new prices. Those persons who could not pay to the end of the year subscribed for a month. Those for whom even this was too hard made agreements with several neighbors and set up collective subscriptions so that they could take turns reading their favorite newspaper.

It is certainly true that our losses were tangible: We managed to retain only one-third of our circulation. Throughout the Ukraine the situation is even worse: Newspapers which proclaimed resubscriptions lost up to 80 percent of their previous circulations.

We are deeply grateful to those of our readers who—in these hard times—have remained loyal to our newspaper, who have supported it by their hard-earned kopeks, and by filling out new subscriptions. Some 150,000 copies at the present time—down from 470,000 in January—that's what we calculate to be the optimal figure now. Because of the high price of paper, we would not be able to manage a higher circulation than that.

The subscription campaign for 1993 is beginning now. It will be conducted under the aegis of inflation and the further impoverishment of the basic masses of the population. The subscription price for newspapers has had to be increased as well. Even *GOLOS UKRAINY*, which lives on subsidies from the state budget amounting to millions of rubles, will cost 40 rubles a month, and 480 rubles a year. The newspapers *DEMOKRATICHNA UKRAINA* and *PRAVDA UKRAINY*, which—like *VECHERNIY KIYEV*—will come out five times a week, have announced that their monthly subscription prices will be 45 and 48 rubles respectively, whereas their annual subscription rates will be 540 and 576 rubles respectively. *MOLOD UKRAINY* and *NEZAVISIMOST*—which come out three times a week—will have monthly subscription prices of 47 and 50 rubles respectively, and 564 and 600 rubles respectively on an annual basis. A subscription to *RABOCHAYA GAZETA* will cost 50 rubles a month and 600 rubles a year; *SILSKIYE VISTI* will cost 60 and 720 rubles, while the Odessa newspaper *YUG* will cost 52.08 and 625 rubles.

These prices stem from present-day costs and outlays; and it is difficult to foresee what will happen during the coming year. Certain newspapers, bought out or inaugurated by commercial structures, will be cheaper—

ranging from 250 to 528 rubles a year. They will run at obvious losses in order to attract readers by their cheap prices. And so these losses will be covered by the new owners, but it is understood that the editors will have to make up for this somehow.

There will also be more expensive newspapers—these will be the former central newspapers, which are now Russian. For example, a subscription to IZVESTIYA, which will run for only half a year, is priced at 60 rubles a month and at 360 rubles for six months. A surcharge will be added to the monthly price by the local communications enterprises, and it will amount to something between 15 and 40 rubles, depending upon the region of dissemination.

But just what kind of subscription strategy will be employed by the editors of VECHERNIY KIYEV?

First of all—we have not received a single kopek by way of a subsidy from the state budget, even though financial support for the independent press was promised on more than one occasion from the Fokin government. We have not taken anything for publishing our newspaper, nor will we take anything!—not a kopek from political parties nor commercial structures. Therefore, we are not dependent upon anyone—neither on the authorities, nor on parties, nor on businessmen. We are counting solely on our own efforts and on the funds which we earn by selling the newspapers and which we ourselves earn with the aid of advertising or other economic activities.

Second—we are consciously limiting our circulation. If the subscription reaches 150-170,000 copies, we would be compelled to stop the subscription campaign. Turning out a higher circulation would mean operating at a loss. Thus, our principal task is to retain our present readership, all the more so in that we have become convinced of its loyalty.

Third—VECHERNIY KIYEV is the only newspaper in Ukraine which has set a differential price on its subscription. Thus, a month's subscription will cost 60 rubles, a three months' subscription—160 rubles, a six-months' subscription—300 rubles, a nine-months' subscription—430 rubles, and a year's subscription—580 rubles. It is not difficult to note that this is a way to encourage annual subscriptions. If a reader subscribes to our newspaper for an entire year, he will save 140 rubles compared to subscribing on a monthly basis.

At first glance, this seems paradoxical, inasmuch as the logic of inflationary processes indicates that it is most profitable to organize the subscription on a monthly basis, and you could index the subscription price in accordance with the rate of monetary devaluation. But we were guided by the firm intention to avoid during the coming year that type of resubscription which we conducted this past spring. For that purpose, we are providing an incentive for people to subscribe on an annual basis, so as to garner an optimal amount, and so that part of the funds can be put into circulation in December of the present year and in January of next year. Thereby we

can obtain profits so as to guarantee that those readers who have signed for the entire year will not have to make any additional payments, despite the inflation.

Fourth—we have been compelled to set "floating" subscription prices for the coming year—depending upon the inflationary process. And, therefore, we cannot rule out the possibility that the monthly subscription prices for next year might increase considerably next year. Those readers who have not been able to sign up for a year's subscription, but who would like to continue with us, will—unfortunately—already have to pay more.

And last. This newspaper will follow that course which was worked out in the last few years and which has received the support of its readers. This newspaper will guard the interests of the common people—the "little people." It will oppose any government, president, or other power structures if they infringe upon the interests of the population. It will protect and defend democratic principles by all means accessible. It will affirm Ukraine's independence. It will do battle against the nomenklatura, violence, bureaucratism, and crime.

This is our unwavering stance, and we hope for the support of our readers.

[Signed] Vitaliy Karpenko

Jurist Comments on Judicial Reform Concept

92UNI967A Kiev GOLOS UKRAINY in Russian
12 Aug 92 p 5

[Interview with Viktor Ivanovich Kononenko, Honored Jurist of Ukraine, by Anatoliy Ben, special correspondent; place and date not given: "Justices of the Peace Will Be Expensive, But the Time for Jurors Has Not Yet Arrived"]

[Text]

From the Files of GOLOS UKRAINY

Honored Jurist of Ukraine Viktor Ivanovich Kononenko is one of our most experienced experts in judicial administration and proceedings. He has worked as a people's judge at the rayon level, a member of the oblast-level judiciary, and—for more than 10 years—in this republic's Supreme Court. His next-to-last position was as a member of the USSR Supreme Court.

A special correspondent of GOLOS UKRAINY met with Viktor Kononenko, one of the members of the Commission on Implementing Judicial and Legal Reforms and—at the same time—chairman of the Working Group of Senior Consultants of the Supreme Council's Permanent Commission on Legal and Legislative Affairs. And he asked him to comment briefly on the latest version of the Concept.

[Ben] We would like to know, Viktor Ivanovich, why you replied specifically as you did to the question as to "whether or not we should institute justices of the peace

and jurors here in our republic—matters about which there have been so many discussions among all those persons who are impatiently awaiting for judicial and legal reforms.”

[Kononenko] Let me remind you that the Constitution was worked on by a commission including 33 jurists, scientific staff members, and experienced, practical workers—all headed up by Aleksandr Kotsuboy, chairman of the Permanent Commission on Matters of Legislation and Legality.

This commission unambiguously supported the opinion expressed by several people's deputies to the effect that instituting justices of the peace would not be feasible, inasmuch such a system has already been tried but failed to justify itself. Moreover, introducing such a system of judges would require considerable financial outlays and yet would not lead to improving the activity of the courts. In our opinion, we need to increase the number of courts; this would enable us to carry out a specialization of judges, organize their work more precisely, and distribute their load more evenly. Nor was there complete support for the proposal to introduce a court of lay judges or assessors. Instead of that, the commission proposed that the following be introduced into the Concept: Criminal cases involving the imposition of the highest measure of punishment—death by shooting—should be tried by an expanded court, to consist of two professional judges and three judicial assessors. But assessors not in the meaning by which we have understood this term up to the present time. A candidate for the position of judicial assessor should be the chairman of an oblast-level court; such matters as the candidate's qualifications, skills, life experience, etc. should be taken into account; he should be elected at a session of the oblast-level Council; and his wages at the level of a judge should be paid out of the state treasury. As to the very idea of a court of jurors, we consider that this is a matter for the future. Our society is not ready for it to be introduced at the present time. We must have a mechanism for introducing it.

[Ben] You can imagine the impatience with which judicial administrators in the localities have been waiting for the answers to such fundamental questions as the following: Who will elect or appoint the judges? What organ will concern itself with their financial and technical security? Because, after all, everyone understands that unless and until these problems are solved, the independence of judges will remain a mere fiction....

[Kononenko] You know that opinions have been actively expressed concerning the need for Ukraine's president to appoint judges at the rayon, city, and oblast levels. But would this not constitute a threat to their

independence? Because, of course, the president's representatives, i.e., deputies, could recommend to these posts only those candidates favorable to themselves. Therefore, the commission recognized the need to revise the appointment of rayon-, city-, and oblast-level judges by the Supreme Council.

And as to the question of who specifically should engage in providing financial and technical security, the Concept does not contain any unambiguous or specific answer. We proceeded on the assumption that nowadays the Ministry of Justice should not have the power or chance to intervene organizationally in judicial activity. However, in the initial stage of the reform, prior to working out the fundamentally new system for providing judges with financial and technical security, it would not be wise to reject the services of that organization which knows how this system works and how to repair it.

[Ben] Quite a few spears have been shattered in disputes over whether we need a tribunal—a special court for military-service personnel, who are, after all, citizens just like all of us. There were also categorical objections with regard to creating a single, integrated investigative committee....

[Kononenko] Under the present-day conditions of reviving the Ukrainian Armed Forces, the commission, nevertheless, proposed to retain the military courts, but to significantly reform them and deprive them of any dependence whatsoever on the military-command structure. Such courts should try cases only involving military-service personnel and their social protection.

The Reform Concept also provides for creating an investigative committee. Because, of course, it is well known that neither the investigators of the Ministry of Internal Affairs nor those of the SBU [Ukrainian Security Service] have any procedural independence. Therefore, we need to reinforce it legislatively and organizationally; we must differentiate among the forms of investigation.

It must be said that the Concept is already in operation. The Ukrainian Supreme Council has already adopted a series of laws on introducing changes, additions, and amendments to the Law on the judiciary and juridical administration, as well as the Ukrainian Criminal Procedural and Civil Procedural codes, as well as on individual case review by judges. Changes and substantive additions and amendments have been introduced in the Ukrainian Criminal Law Code, Labor Law Code, and the Code on Family Law. Work has been completed on the Ukrainian draft Law "On the Status of Judges." The commission is also working intensively on working out laws on the notariat, the civil registration organs, and on giving expert testimony in court.

ECONOMIC AFFAIRS

Fokin Comments on Measures to Guarantee State Grain Supplies

92UN1963A Kiev PRAVDA UKRAINY in Russian
15 Aug 92 p 1

[Fokin Comments on Decree to Guarantee Grain Supplies]

[Text] "Cruel, categorical, but today it can be nothing else,"—that was the evaluation made by Vitold Fokin of the decree of the Cabinet of Ministers No. 468 of 12 August on which PRAVDA UKRAINY reported in yesterday's issue.

Commenting on this decree the prime minister stated:

Some managers, drunk with permissiveness, will be reminded by this document that the state still has power.

Why has the government taken such a decisive position? Because Ukraine has an amount of grain that should be fully sufficient to supply the population and satisfy the needs of animal husbandry. The minimum volume of grain procurements for state resources was determined to be 14 million 595 thousand tonnes.

In general we need not less than 17 million tonnes of it in Ukraine to satisfy all needs for grain. Therefore the government hopes to purchase the balance of the grain, approximately 2.5 million tonnes, at exchange prices.

Why exactly 17 million tonnes? Because exactly this amount of grain is needed to satisfy the population with baked bread, flour, cereals, and for the production of concentrated food for animal husbandry, for the starch-and-syrup industry, for food concentrates, and for seeds.

A decrease in this indicator will be immediately felt by the population on their dining room tables.

Total fulfillment of the state order gives Ukraine the possibility of not only avoiding the purchase of grain abroad, but on the contrary, of supplying a certain amount of grain for export. The need for it on the world market, as indicated by an analysis carried out by specialists, will increase considerably this year.

We could use the proceeds from this exclusively for satisfying the needs in the countryside, for the creation of a qualitatively new farming base there. We have in mind, first of all, the purchase of the necessary amount of chemical means for the protection of plants for next year's harvest. Then, there is the purchase of protein-vitamin supplements, corn, and soybeans, which would allow balancing of the feed base in animal husbandry. By the way, there are offers from Belgium proposing the exchange of 100 tons of concentrated food for a ton of wheat.

This should be economically feasible. The gain here is not just for the peasants, but for all the people of Ukraine.

This year the government did everything possible in order to prevent a further decline in agricultural production and to support the peasant farms. The losses of kolkhozes and

sovkhozes in connection with liberalization of prices for agricultural products sold to the state last year were compensated, losses in the sale of animal husbandry products in January - May of this year were reimbursed, an additional payment was established for animal husbandry products sold to the state from 1 June until the end of the year, expenditures on fuel and lubricants were compensated in part, and credit on favorable terms was allocated for supplementing the working capital of kolkhozes and mezhkhozhes [inter-kolhoze farm association]. A total of 355 billion rubles were allotted to improve the position of agriculture in Ukraine this year. Procurement prices for early cereals were established at between 8,000 and 15,000 per tonne, which practically corresponds to the level of world prices.

It is also necessary to note that despite the high procurement prices the government is not permitting a rise in wholesale prices for grain. The government is spending eight billion rubles on that every month.

Quite a lot has therefore been done which will be confirmed by any unbiased person.

The government, however, cannot utilize only stimuli, incentives, and benefits in its decisions. They are all designed, as a rule, for honest, decent people, for those who are working stubbornly, those who think not only of themselves but about the fate of our young state.

The treatment of those, however, who show concern only for their own pocketbook, ignore the interests of the people, and turn their back on the state, must be different.

The second point of the government decree that was adopted provides a choice for such managers: if you do not wish to deal with the government and want to take care of your harvest on your own, then go to the free market.

But, sorry, the government will change its attitude toward you. It absolves itself of responsibility for the provision of the appropriate farm with electrical power, fuel, fertilizers, herbicides, and equipment, and, what is most important, baked bread for the appropriate populated point.

I know that critical responses will appear tomorrow in some of the publications: the peasant is again having his arm twisted, again there is coercion. VECHERNIY KIYEV yesterday even titled a report on our conference with representatives of the president "Knock Everyone Off the Combines." Which is something that can be categorized as Neanderthal humor.

I will say in advance, however, that there is no coercion here. The government is acting in a fair manner. How is it possible to act differently toward a farm which has mountains of grain but refuses to sell part of it to the state and dreams about profiting on the misery of others, grabbing more. Permit me to ask: from what resources and at what price will baked bread, flour, cereals, etc. be arriving in this village? On whose backs are the leaders of such farms and villages going to climb?

Cabinet of Ministers determined volumes of minimum grain procurements from collective agricultural enterprises, sovkhozes, and peasant (homestead) farms in 1992

	Thousands of tonnes
Republic of Crimea	715
Oblasts	
Vinnitsa	1,035
Volynsk	143
Dnepropetrovsk	1,247
Donetsk	685
Zhitomir	152
Zakarpatsk	18
Zaporozhye	1,171
Ivano-Frankovo	85
Kiev	381
Kirovograd	960
Lugansk	690
Lvov	130
Nikolayevsk	430
Odessa	380
Poltava	959
Rovenskiy	130
Sumy	544
Ternopol	484
Kharkov	1,096
Kherson	1,125
Khmel'nitskiy	808
Cherkassy	774
Chernovitskiy	108
Chernigov	344
Total	14,595

Such an attitude toward farms which are ignoring state interests, but at the same time want to use all the benefits, is being supported in many appeals to the government. It is worth quoting from one of them. A resident of Ternopol, Dmitriy Ivanovich Pasatskiy, addressing me, writes:

"Land is the wealth of Ukraine and its people. For the second year you are asking those people to deliver their grain. But they are toying with you, with the people, with the state. Make it a law—the delivery of grain is the duty of every manager at reasonable prices determined by the government. Duty! You can sell the surplus if you wish at 100 rubles a gram.

"Land belongs to the people, and grain must go to the people. Penalize and punish those who do not deliver. This should be in the first article of the constitution. Then you will be able to take care of other matters instead of travelling the world looking for bread, while bread disappears in Ukraine. As they say, any commentary here is superfluous."

I believe that the workers themselves at those farms where the leaders are occupying an unbusinesslike position, will understand what is what and will be able to make a proper evaluation of them and will not permit such action to harm the people.

The assertions of some leaders that the coupon will be devalued are completely groundless. After all, by indexing procurement prices for agricultural products sold last year, the government has convincingly indicated that it will not leave peasants in a lurch if certain extreme conditions should develop.

In conclusion—about the responsibility of government administration at the local level for fulfillment of the state order.

I said this at the conference with representatives of the president in the oblasts and will repeat it again—if an oblast or rayon do not fulfill the state order without incontrovertible objective reasons for that, then there is every reason to say that the state administration there is represented by people not worthy of that high position. It is necessary to immediately yield to other people who will fulfill their obligations honestly and in a responsible manner.

Peace and bread—these words always go together. Our future is being decided today. If the government procures grain then each home will prosper, the financial position of enterprises and farms will improve and a foundation will be laid for the future harvest.

Decree on Guaranteeing Grain Supply

92SD0654A Kiev *RABOCHAYA GAZETA* in Russian
18 Aug 92 p 1

[Decree of Cabinet of Ministers of Ukraine No. 468 of 12 August 1992 on Urgent Measures to Satisfy Needs of Ukraine for Grain]

[Text] Not a bad harvest of cereal crops has been grown this year in most of the country allowing creation of necessary state grain resources and satisfaction of the needs of the population for bread and cereal products and those of animal husbandry for mixed feed.

The government worked out a price mechanism in a timely manner and other optimal conditions were created ensuring material interest of farms in the production of grain as well as efficiency in grain cultivation.

Despite that the purchase of grain is being carried out very slowly, while 53 farms, using services and benefits granted them by the state, are not participating at all in the sale of grain to state resources in the hope of possibly selling it at speculative prices. Because of a lack of the necessary number of typical storage facilities the threat of spoilage has appeared with the consequent loss of part of the harvest.

In connection with the highly complicated situation with grain procurement the Cabinet of Ministers of Ukraine decrees as follows:

1. Establish an order in which state grain resources are to be formed in coordination with the Council of Ministers of the Republic of Crimea and with oblast and state administrations in which the volume of its sale is ensured by every farm at a level not below the level reached in fulfillment of the annual plan for the gross harvest of cereal crops. Figures on the volume of minimum grain purchases for 1992 are attached.

2. Consider as severed in a unilateral manner all production ties of the state with farms which have not joined in selling grain to the state prior to 17 August as well as with those which do not agree with the proposed order for the formation of state resources.

The Ministry of State Resources, the Ministry of Agriculture and Food, the Ministry of Power Engineering and Electrification, the Ministry of Finance, and the "Ukrneftekhim" company are to stop supplying those farms with material and technical resources out of centralized funds, making additional payments or granting preferential terms to them. Energy resources are to be supplied on the basis of general conditions.

Halt the action of the order of the Cabinet of Ministers of Ukraine of 30 July 1992 No. 492 regarding payment of subsidies out of the state budget on individual types of bread and cereal and bakery products sold in the retail trade network in populated points where the indicated farms are located.

3. Provisions of Points 1 and 2 of this decree do not apply to Odessa and Nikolayevsk oblasts and also to farms that suffered as a result of drought or those that were unable to gather the necessary gross grain harvest for other reasons, not depending on them, as decided by oblast state administrations.

4. Recommend that the State Committee on Cereal Products, the Council of Ministers of the Republic of Crimea, as well as oblast state administrations raise the contractual procurement prices for grain, sold after fulfillment of the state order, by 50 percent above the level of orientational contract procurement prices.

5. In order to attract additional grain for state resources the Council of Ministers of the Republic of Crimea and oblast state administrations are to buy it from the population at exchange prices during the period of payment in kind.

The Ministry of Foreign Economic Ties and Trade, and Ukoopsoyuz, together with local organs of the state executive power, are to organize a counter sale of industrial goods in increased demand to the rural population.

6. The State Committee of the Food Industry is to stop acceptance of customer-supplied grain for the production of alcohol and for other types of processing.

7. Temporarily prohibit the export of grain and cereal products (except for those stipulated by interstate agreements) outside the borders of Ukraine. The Ministry of Internal Affairs and the State Customs Committee is to ensure the exercise of appropriate control.

8. The Council of Ministers of the Republic of Crimea and state administrations are to ensure organized completion of harvesting of cereal crops devoting particular attention to the designated use of corn sown for grain as well as that sown on hybridization plots.

9. The mass media must systematically illuminate progress of grain procurement operations and reveal the work of the best labor collectives and the action of leaders who are ignoring the interests of the people of Ukraine.

[Signed] V. Fokin, prime minister of Ukraine

[Signed] V. Nesmikh, first deputy minister of the Cabinet of Ministers of Ukraine

Appendix to the Decree of the Cabinet of Ministers of Ukraine of 12 August 1992 No. 468

	Volume of minimum purchases of grain from collective agricultural enterprises, sovkhozes, and peasant (homestead) farms in 1992
	Thousands of tonnes
Republic of Crimea	715
Oblasts	
Vinnitsa	1,035
Volynsk	143
Dnepropetrovsk	1,247
Donetsk	685
Zhitomir	152
Zakarpatsk	18
Zaporozhye	1,171
Ivano-Frankovo	85
Kiev	381
Kirovograd	960
Lugansk	690
Lvov	130
Nikolayevsk	430
Odessa	380
Poltava	959
Rovenskiy	130
Sumy	544
Ternopol	484
Kharkov	1,096
Kherson	1,125
Khmelnitskiy	808
Cherkassy	774
Chernovitskiy	108
Chernigov	344
Total	14,595

[Signed] V. Nesmikh, first deputy minister of the Cabinet of Ministers of Ukraine

Deputy Call for Changes in Housing Privatization Law

92UN1951A Kiev PRAVDA UKRAINY in Russian
11 Aug 92 p 2

[Letter to the editor from A. L. Barabash, people's deputy of Ukraine, and remarks on the Law of Ukraine "On Privatization of State Housing" under the rubric "Letter to the Editor": "Privatization of Housing: The 'Elite' Did Not Miscalculate, But What About You and Me?"]

[Text] I ask you to publish my appeal to the president regarding the Law of Ukraine "On Privatization of the State Housing Fund." As the president's legal office reported to me, after familiarizing himself with my arguments L. M. Kravchuk agreed with them but did not believe it possible to impose a "veto," since then it would mean changing the conception of the Law in principle. Nonetheless, I would very much like to know the opinion of the ordinary citizens of Ukraine, our voters on this Law.

I am counting on PRAVDA UKRAINY's help in publishing my letter and remarks on the Law.

I believe that a number of fundamental changes must be made in the Law "On Privatization of the State Housing Fund." I substantiate this as follows:

1. An erroneous and unacceptable, socially dangerous conception for setting the norms of free transfer of state housing in square meters has been realized in the Law. This is as nonsensical (possibly unintentional) as setting the amount of the certificate when privatizing enterprises in cubic meters of precast reinforced concrete, meters of plant-furnished pipe, or tonnes of machine tools.

Of course, the difference in the cost of 1 square meter of housing may be in factors of a hundred or even of a thousand depending on the city, the region of the city, and the quality of the building construction or the apartment. For example, 1 square meter in a new building in Kiev, in the "tsar's village" (along Staron-avodnitskaya Street), and 1 square meter in Pyatikhatki, in an old dilapidated wreck of an area (and there are quite a few of them!) without a sewage system, hot water, or a telephone.

The norm for free transfer of housing should be set only and exclusively in value form, in money. And this norm should be compared with the real market value of the apartment. An attempt to realize this mechanism is in the wording of articles 4, 5, and 6 which I have proposed.

2. The conception of housing vouchers has not been satisfactorily realized in the Law (Article 5). It is unclear what those who live in a state apartment and are privatizing it should do with the vouchers. They receive housing free of charge and they do not need the vouchers. On the other hand, compensation of 12,000 rubles [R] per person for those who do not have housing is absurdly low. That is not enough either to obtain an

apartment "21 square meters per person plus 10 square meters per family" or for any housing at all!

Even more absurd is the compensation in the amount of R500 per square meter of area under the "world" "medical" norm of "21 square meters plus 10 square meters." If a family of 4 people lives in 54 square meters, which is fairly typical, they will be given compensation in the amount of R20,000 ($0.5 \times [(21 \times 4 + 10) - 54]$). That is not enough to acquire (by exchange, for example) even 1 meter, to say nothing of 40!

Unless these fundamental shortcomings are eliminated the Law is a delayed-action mine. As soon as people understand that the Law in its present form "works" only in the interests of the "elite" who have excess housing of very high market value and are now receiving even more from the state free of charge, as a gift (the question comes up, on what legal and economic grounds?), and as soon as this "elite" enters the housing market, above all the hard currency market, with this extra housing, social upheavals which are more serious and deeper than any other we have experienced up to this point will begin to develop. The first warning call is the retirement of G. Popov from the post of mayor of Moscow, where a similar experiment was begun almost as it is planned here.

I am counting on wisdom and careful consideration, on the president's veto, to provide more time for the Supreme Soviet of Ukraine to ponder this Law.

With profound respect and hope,

[Signed] A. L. Barabash. People's deputy of Ukraine.

Remarks on the Law of Ukraine "On Privatization of State Housing"

State articles 5, 6, and 7 in the following wording (make present Article 7 Article 8 and change the numbering of articles accordingly):

"Article 5. Housing Vouchers"

"1. Housing vouchers are privatization papers being received and used by the citizens of Ukraine to privatize the state housing fund free of charge.

"2. All citizens have the right to receive a housing voucher.

"3. The housing voucher is a priority payment means for privatizing the state housing fund and a state commitment to offer appropriate living space.

"4. The owner of the housing voucher has the right to dispose of it freely:

—to use it in privatizing state housing;

—to transfer it to close relatives (husband, wife, children, parents, or grandchildren) to use for privatizing state housing;

—to convert it into another type of privatization paper in accordance with the Law of Ukraine 'On Privatization Papers';

—to use it as a payment means to pay for a share in a housing-construction cooperative.

"The general rules of the emission and circulation of housing vouchers are established by the Law of Ukraine 'On Privatization Papers.'

"5. The nominal value of a housing voucher is defined as the total estimated value of the state housing fund (as of the moment this Law goes into effect) which is subject to privatization divided by the size of Ukraine's population. The value of a housing voucher is the same for all citizens of Ukraine.

"For citizens of Ukraine who are born or receive citizenship after this Law goes into effect, the value of housing vouchers is set at 50 percent of the general value."

"Article 6. Appraisal of an Apartment's (or Building's) Value

"1. The appraised value of an apartment (or building) subject to privatization is defined by the sum of its total area, the replacement cost of 1 square meter, the percentage of actual depreciation, and the integral coefficient of consumer quality of the apartment (or building).

"2. The integral coefficient of consumer quality is defined as the sum of particular coefficients and takes into account the following:

- the category of the populated point;
- the rayon in the populated point where the building is located;
- the living features of the building (for each factor separately);
- the living features of the apartment (for each factor separately).

"3. The Cabinet of Ministers of Ukraine sets the amount of the replacement cost of 1 square meter of housing and all particular coefficients of consumer quality (other than the rayon coefficient) as well as the limits of the rayon coefficient.

"The local soviets of people's deputies establish the percentage of actual depreciation of the building and the coefficient of the rayon of location of the building in the populated point (within limits specified by the Cabinet of Ministers of Ukraine).

"The established norms are published in the press no later than 3 months before privatization begins in accordance with this Law.

"4. Privatization organs carry out the appraisal of the entire state housing fund in accordance with Point 1 of this article using the established norms. The results of

the appraisal for standard groups of buildings and apartments are published in the local press no later than 1 month before privatization begins.

"5. Each buyer has the right to appeal the decision of the privatization organs regarding the appraisal of the apartment (or building) in the local soviet of people's deputies, and its decision is final."

"Article 7. The Procedure for Using Housing Vouchers

"During privatization of an apartment (or building) the renter pays its value in housing vouchers which he has at his disposal.

"If the total value of the housing vouchers presented is less than the appraised value of the apartment, the renter must pay the difference in money."

Industrialists React to Government Statements

92UN1950A Kiev PRAVDA UKRAINY in Russian
11 Aug 92 pp 1-2

[Reaction of authors of the letter "Preventing Ukraine's Economy from Becoming Completely Paralyzed" to the responses of the prime minister and the National Bank of Ukraine (see PRAVDA UKRAINY of 28 July and 4 and 5 August of this year) compiled by S. Kravchenko, Dnepropetrovsk Oblast, under the rubric "Hot Topic": "We Need Concrete Actions by the Government Right Now"]

[Text] A conference of directors of enterprises of Ukraine's industrial complex was held in July. Its participants—218 managers—addressed a letter to the president of Ukraine Leonid Kravchuk, the chairman of the Supreme Soviet Ivan Plyushch, the prime minister Vitold Fokin, and the chairman of the governing board of the National Bank of Ukraine V. Getman which expressed alarm that the measures being carried out by the republic's government to stabilize the economy and bring Ukraine out of the crisis were unfortunately having no fundamental effect on strengthening economic ties and the financial condition of enterprises, stabilizing production, and increasing profits and labor payment funds. It was published in PRAVDA UKRAINY under the heading "Preventing Ukraine's Economy from Becoming Completely Paralyzed" on 28 July.

The Cabinet of Ministers promptly reacted to the demand of the directors of the industrial enterprises of Ukraine by preparing a letter in reply signed by the prime minister V. P. Fokin which presented their position on all the problems raised—the response was published in PRAVDA UKRAINY on 4 August. And on 5 August the response of the National Bank of Ukraine was published. At the request of the editorial office of PRAVDA UKRAINY, the Ukrinform correspondent asked several directors of Dnieper region enterprises whose signatures were on the letter to talk about whether they were satisfied with the responses received from the government and the National Bank.

To be honest, I rejoiced at the government's quick response to our appeal, **said the general director of the Krivoyrozhstal Combine, Konstantin Nosov (Krivoy Rog).** Literally 2 weeks after the conference we already had in our hands the response from Kiev to our demands. It is true, unfortunately, that it was not positive on all the points. Thus, prices for energy media, it says, will not be free in the near future. That means that we metallurgists will continue to be unable to choose fuel suppliers for ourselves independently. Of course, it would be difficult to assume that all the problems we raised can be eliminated right away. But the basic ones must be resolved immediately. In our opinion, for example, the payment for raw materials being extracted must be set immediately. And, the details of this step must be thoroughly stipulated between Russia and Ukraine so that no unexpected difficulties arise later, for we are closely bound with one another. Therefore the Cabinet of Ministers and the Ministry of Resources of Ukraine must calculate in advance all the details of our further relations with neighbors, taking into account mutual interests. Otherwise this may happen: With the knowledge and even under orders of the Kiev leaders we shipped 16 billion rubles [R] worth of metal products to Russian customers and for now no one intends to return the money for it to us. And the government and the Ministry stand aside. But we find ourselves all alone, back where we started with an empty purse. And time does not wait. In addition the matter may become even more complicated since in the near future our Russian partners will become joint-stock companies which may not agree to pay off the debts of their past structures. This is even relevant to our work for export which has not been paid by anyone and not protected from above for a long time.

We want the government to begin destatization of industrial enterprises as soon as possible, because such large collectives as our combine are now laboring on far from equal terms with the new structures and in many respects are losing to them, especially in efficiency and flexibility of mutual accounts with clients and suppliers and economic strategy. And another thing. We must by no means lag behind progressive Russian transformations as, alas, often happens, although we must not blindly copy them either.

The director of the Bagleyskiy Coke and Chemical Plant (Dneprodzerzhinsk) Volt Kuzmin was even more categorical:

Most of the answers we received were given with consideration of the future rather than the immediate situation in industry. But we need concrete actions of the government right now, for crisis phenomena in the economy are forging ahead faster than we expected. In our appeal we proposed immediately creating an operations group to keep records of the debt between republics and to keep mutual accounts. But the response only mentions this acute problem in passing. And everything that deals with the services of the National Bank of Ukraine and its subdivisions and many other problems are altogether readdressed to the discretion of the republic's Supreme

Soviet. And, the role of the Cabinet of Ministers itself seems to be hidden in the shadows, although in our opinion it could be concretely displayed in many respects right now.

For example, why hold on to the ruinous system of cash-accounts centers, which merely hinder the work? They should definitely be closed and the suppliers and consumers themselves allowed to keep mutual accounts without this outside mediation. I believe that it would be most efficient for us to settle accounts among ourselves directly by telegraph, where money appears in the partner's cashbox almost instantaneously. For example, we now owe the Krasnodon coal miners almost R90 million for raw materials. Until the debt is paid they absolutely refuse to send us coal, and we are forced to conduct endless negotiations with intermediary structures which still prove to be extreme ones. And under such an approach the coke and chemical complex may at any moment find itself without coal and drag the whole technological chain behind it. Irreversible processes will begin in the economy which absolutely must not be permitted.

As for the question we raised about abolishing the value-added tax within the sector, everything is not clear here in the premier's response either. According to him, "That will lead to payments of enormous sums into the budget at the location of the final commodity producer. And, intrasectorial enterprises engaged in processing raw materials will be excluded from those who pay the value-added tax by their location. Overall payments of the tax from new value created at these enterprises by the labor collectives will be made to the budgets, including the local budget, in other regions; in our opinion this is socially unfair." However, in our opinion, the fact that all the deductions one way or another replenish the republic budget rather than merely being saved in particular localities remains unheeded.

The general director of the Novo-Krivoy Rog Mining Enrichment Combine (Krivoy Rog) Oleg Khrapko believes that there are many half-hearted measures in the premier's response, and many of them are postponed for the future.

But we need concrete actions right now, says Oleg Ivanovich, because the situation is changing, and very quickly. That very Krivoyrozhstal owes us almost one and one-half billion rubles, we cannot get even part of that sum. And not because the metallurgists refuse to pay; it is simply that their treasury is empty because of the imperfect system of mutual accounts with clients. But hot on our heels we have the suppliers of raw materials, lubricants, and solar oil, demanding prepayments and refusing to offer services on credit. The combine is constantly in a fever. We are forced to rely entirely on the aid of banking services in order to pay wages to collectives regularly. And, we are frequently reproached saying that the miners themselves supposedly are to blame because they have raised their wages to the cosmic heights and because of that prices for their

output are inflated, which has tripped up the entire chain of partners and consumers. But excuse me, in the combine wages make up only 8.2 percent of the prime cost of output and its proportion per ruble of our commodity is no higher than 5.2 kopecks. So if, let us say, in July a tonne of our concentrate cost R900, only R46 of this sum was wages. Can this really influence the economic strategy as a whole?

The solution lies in granting more independence to enterprises to search for consumers of output and suppliers of raw materials so that there are as few orders as possible from outside and from above and in abolishing prepayments. But the premier's response says that with this independence roughly 40 percent of the mines would have to be closed and almost half a million miners would be cast out into the street. I am not certain that such a gloomy future awaits us if all the necessary steps are taken in time. I agree that we will in fact have to bid farewell to some underground enterprises and quarries. But that is still better than permitting all industry to be under a constant, inexorable threat of crisis and shutdown. The government must immediately take precautionary steps and begin retraining cadres, thoroughly balancing forces, means, and resources, and anticipating the development of events so that Ukraine's entire economy as a whole does not suffer.

The directors of the industrial enterprises who did not agree with the premier in certain details of his response still took a positive view of the fact that the government is persistently seeking a way out of the situation which has taken shape. They took an optimistic view of the fact that a packet of documents and legislative enactments focused on markedly increasing the rate of economic reforms in Ukraine in 1992-1995 is in preparation, as Vitold Fokin reported in his response. In light of that, he emphasized, a more flexible argumentation of the conception of reform and a whole number of concrete actions to carry out progressive transformations in Ukraine's economy are envisioned. Nor did it go unheeded that, as the premier asserted, the proposals worked out at the conference of directors of Ukraine's industrial enterprises will also be taken into consideration to the maximum degree in the documents being formulated. But the rate continues to alarm the leaders of the industrial collectives. The government is turning the economy toward the track of the new reforms painfully slowly, while events are unfolding so quickly that delay and sluggishness may be very costly.

'New Ukraine' Expert Gives Prognosis for Economy

92UN1952A Kiev NEZAVISIMOST in Russian
14 Aug 92 p 4

[Interview with Vladimir Leonidovich Ryzhov, co-founder of "New Ukraine," technical director of the Dizel Scientific Production Enterprise, and head of the

Mashinostroitel Concern office in the capital of Ukraine, by O. Makhovskiy, under the rubric "Viewpoint"; date and place not given]

[Text] Vladimir Ryzhov was born in 1948 in the city of Izyum in Kharkov Oblast. He graduated from the Kharkov Aviation Institute. He worked in the experimental design department of NKhPO [expansion not identified] imeni Dzerzhinskiy. Last year he organized and acted as a co-founder of several private enterprises. These days he holds the post of technical director of the Dizel Scientific-Production Enterprise and heads the office of the Mashinostroitel Concern in the capital of Ukraine. He is also one of the co-founders of the "New Ukraine" sociopolitical organization.

According to Vladimir Ryzhov, the economy is his "thing," from macro to micro-particles. He works tirelessly on economic questions. Incidentally, the day of the talk two decent-sized books lay on his desk, by Campbell R. MacConnell and Stanley L. Brew, "Economics"—soon the third and final part of the economic work of the American scientists should come off the press. Vladimir Ryzhov insistently recommends that our entrepreneurs study them in earnest, just as the works of other prominent scientists in economics—Friedman and Hiyek.

Summertime is at its height. People's deputies are resting with the consciousness of having done their duty honorably and fully. Yes, passions have somewhat lessened and now each one is "waging battles of local significance" alone. But autumn is not far off and so in such an unpredictable country as ours with its "exotic" parliament, anything at all should be expected. Vladimir Ryzhov amiably agreed to give his opinion on Ukraine's economic condition in the near future.

[Makhovskiy] Just what awaits the republic in the near future, in the fall, for example?

[Ryzhov] Recently the standard of living in the republic has declined somewhat, but not to a degree as to cause a social explosion of the population. In addition, not so very many people have been added to the number of destitute. Simply speaking, the stratification of society in terms of standard of living continues. And it has become noticeable. And because most of us are used to living at the average level, this stratification provokes a feeling of impoverishment. But be that as it may, I repeat, a social explosion this year is ruled out. Local conflicts on nationality questions or army problems may appear, it is true, but not on social ones. And Fokin understands this well and feels it. State enterprises with their enormous debts to one another are the only danger for the premier. He hurriedly decided this question too and postponed the payments, although, incidentally, this debt is for the most part the result not of a shortage of capital but of the higher prices for materials and assembly components. As a result finished output has become more expensive, which undermined customer demand. That is, in other words, we are now observing artificial overproduction of goods. A so-called financial thrombosis has occurred. By

injecting many billions to pay off credits, Fokin not only did not destroy it but, so to speak, put it off for later. I am certain that in February-March of next year our economy will reap what has now been sown.

[Makhovskiy] It would seem that in this interval of time Fokin should have tried to balance prices for finished output and thus raise the purchasing power of consumers (above all rural consumers).

[Ryzhov] He did it in a rather original way: he "pushed" 330 billion rubles [R] of credit through parliament. A kolkhoz will buy agricultural equipment for credits. But in that way the premier raised the domestic debt to astronomical amounts. Or he is counting on gaining time to conduct at least some economic reforms which begin to balance "supply and demand" economically using the method of constant inflation. But, judging from his interview in the newspaper GOLOS UKRAINY on 21 July 1992, the second half has not yet been foreseen. Automatically, if the R330 billion already mentioned and another R270 billion have been put into circulation to pay off debts of enterprises, by January-February the people's standard of living should be expected to fall as compared with the present day by 30-35 percent. That is at best. At worst, the military-industrial complex may appeal to the government for its share of credit at any time. It is not impossible that the army will need budget allocations for social needs. Therefore, whether we want it or not, the number of people dissatisfied with the government will rise steadily starting in the fall: military-industrial complex, agricultural machine building, and general purpose enterprises, army officers, and base industry enterprises. Obviously, the present government will be unable to satisfy everyone and consequently it will simply be forced to resign. But, unfortunately, the national economy will already be seriously devastated.

[Makhovskiy] The government of Vitold Fokin should have left the "stage" more than once already. But each time the president extended a "helping hand" and in the last well-known case our communist parliament provided bungled help to the government. So I very much doubt that the Cabinet of Ministers will resign in the fall.

[Ryzhov] As for our president, Leonid Kravchuk has never and nowhere said a word about just what kind of state he is building in the already independent Ukraine. The departure of Lanovoy from his post unequivocally confirmed that the president does not intend to conduct bourgeois-democratic reforms in Ukraine but has decided to follow the course customary in the last slightly more than 70 years—the building of a socialist society. Incidentally, even in the West people "saw through" his policy. Officials there are not pleased that political stability is being imposed on them to replace real pluralism. So one can state the fact that Russia left the USSR, but the essence of the former Union, no matter how paradoxical it may seem, has been preserved in Ukraine. For our Russian neighbors have forged ahead in economic transformations, while we are preserving

our socialist values. Therefore, who the real legal successor is—Russia or Ukraine—should be made clear.

As for the government, I think that no matter how tough it is for the president to part from Vitold Pavlovich and his ilk, he will have to give them up at some point.

[Makhovskiy] Vladimir Leonidovich, more than once I have had occasion to hear the arguments of former party functionaries who are now businessmen loyal to Ukraine that the introduction of a national currency will be a tragedy for our republic. They are seconded by the newly appeared politicians from Russia. So does Ukraine need its own monetary unit? And if so, when can it realistically be introduced, in your opinion?

[Ryzhov] Unfortunately, we have no competent money-finance experts, or at least they have not been identified. A credit-financial policy has not been defined. So introducing a national currency, although it is extremely essential to the republic, is already overdue.

As is well-known, the defining functions of the state are to protect the interests of its citizens from outside violence and constraint. A national currency protects them from economic expansion, and the army—from physical violence. So both the army and the currency are equivalent in terms of their significance. The introduction of one's own currency has never hindered foreign economic relations given that governments establish favorable conditions in the area of trade and customs policy. Incidentally, the transition in Europe to a single system of accounting—the ecu—is a level of interaction of countries when the national currency has in fact lost its protective functions. Countries' impact on one another is already determined by foreign economic ties. Of course we are a long way from that situation, alas...

The introduction of the grivna is not yet a guarantee of protection of the citizens of Ukraine. I think that any government of our republic will face this problem. And, nonetheless, experiencing financial expansion is more costly than introducing our own currency even with a mass of mistakes. In general they can be corrected within the country. But delaying this measure will increase the pressure of Russia. And that is natural. We must not blame the neighboring republic, since powerful financial systems have always overwhelmed weaker ones. I think that Western money-finance experts must be invited on a contract basis to work out a financial-credit system within the Cabinet of Ministers.

The second danger for the grivna is the uncertainty of the situation of the National Bank of Ukraine. It must perform the functions of an emissions bank and a central-credit bank with reserve functions. It is my belief that the best guarantee of its high-quality activity would be removing it from subordination to the Supreme Soviet, that is, establishing the temporary status of independence for it. In other words, all decisions on its activity would be made by a council elected by the bankers for an extended period of time. But the Supreme Soviet's only legislative impact on the bank is possible

when the amount of the state debt is being determined and the credit interest rate is being set. And, the bank may issue credits to the government within the limits set by the parliament under governmental programs, on general principles. Then, if all these conditions are precisely met, it can be guaranteed that the grivna will be only internally convertible.

[Makhovskiy] Yes, but internal convertibility depends on successful domestic economic activity...

[Ryzhov] If the last provision is abandoned, domestic conversion will be reduced to conversion on hopeful premises, let us say, between Poltava and Khmelnytskyi oblasts.

[Makhovskiy] I remember that in past times radio and television breathlessly reported about inflation in that same America. But to everyone's general surprise, the capitalists are now flourishing, despite the inflationary processes.

[Ryzhov] The inflationary process is completely natural and normal. It merely has to be controlled skillfully, which is what those same Americans did. To do that a powerful team of analysts and pragmatists is needed, and that was what Lanovoy was trying to create. But the well-known presidential ukase erased any attempts, and most importantly, hope. I think that Simonenko will have a great deal of difficulty creating anything like it. And it is unlikely that he will work on that—he arrived with a different goal. What is forming around him is more an anti-team. As a result we will experience another harsh command-administrative dictatorship or the present government will be sacrificed.

[Makhovskiy] I know that you have your opinion on the functioning of certain enterprises. But many of your colleagues in "New Ukraine" do not share this viewpoint. Please, tell us a little about that.

[Ryzhov] I believe that closing some enterprises is beneficial for Ukraine's economy. We must now use all our efforts to support two directions. The first is production of foodstuffs to restore labor resources—it sounds somewhat pragmatic and harsh, but that is how it must be in the given situation. And the second is to support base sectors which provide all the republic's industry with essential materials and raw material resources. Those same enterprises whose output cannot find a natural market or whose leadership is unable to set it up must be closed. The capital directed to produce unnecessary output is redirected to unemployment benefits, retraining of cadres, and structural rebuilding of possibly those same plants. That is, we must use fixed capital of closed enterprises in a utilitarian manner. But to carry out these plans, we need a strong government with a precise and clear program so that each worker is aware that after 1.5-2 years of unemployment he will definitely be needed by society. Unfortunately, the present government does not have the skill, the authority, nor the trust of the people.

INTERNATIONAL AFFAIRS

Envoy Discusses Relations with Romania

92UN1937A Moscow NEZAVISIMAYA GAZETA
in Russian 13 Aug 92 p 3

[Interview with Doctor of Medicine Leontiy Sandulyak, Ukrainian ambassador to Romania and leader of the Greens Party of Ukraine, by Vitaliy Portnikov; place and date not given: "Territorial Claims—a Double-Edged Sword: Former Union People's Deputy Leontiy Sandulyak Appointed Ambassador of Ukraine to Romania"]

[Text] Doctor of Medicine Leontiy Sandulyak, department head at Chernovtsy University, was one of the few democrats of the people's deputies of the USSR from Ukraine. He was recently elected leader of the Greens Party of Ukraine.

Diplomacy

[Portnikov] Leontiy Ivanovich, aside from the intricate palette of Russian-Ukrainian mutual relations, relations with Romania today look like one of the potential crisis areas of Ukrainian foreign policy...

[Sandulyak] Actually, of Ukraine's many neighbors, the most difficult relations are precisely with Romania, after Russia, of course. And a real lack of information exists: While everyone is involved with questions of Ukrainian-Russian relations—parliament, the president, government, and politicians—relations with Romania are less easily understood by the public at large. However strange it may seem, Romania is possibly our only neighbor that has territorial claims on Russia—and these claims are heard not only at the level of the residents, but sometimes even at the level of government officials. I am profoundly convinced that not one of the realistically minded politicians can consider these problems to be easily solvable, but they are eagerly used for political exploitation.

[Portnikov] It is possible that this will once again bring Romanian-Ukrainian and Russian-Ukrainian relations closer: In both countries neighboring Ukraine, territorial problems are still a factor in their internal political life...

[Sandulyak] Probably, yes, if you have the Crimean problem in mind. But I will remind you that 14 million Ukrainians live in Russia, and, as far as I know, there is not one Ukrainian school. These problems are similar with the Romanians: There are no Ukrainian schools there either, although some schools offer Ukrainian lessons.

[Portnikov] What will your first steps be in Bucharest?

[Sandulyak] I will remind you that I am an ex-deputy of the former Union, and a significant part of my constituents, if not half, are Romanian-Moldovan people of Chernovtsy Oblast. Here, in Chernovtsy, there is no conflict between Romanians and Ukrainians. And I see my mission specifically in maintaining normal relations

between our countries and people. As the ambassador of Ukraine to Romania, I will do everything so that Romanians in Ukraine feel no worse than in Romania. Of course, the interests of Ukraine and Ukrainians in Romania come first for me. But the path to this is that Ukrainians in Romania should live well, and that Romanians in Ukraine should have a good life. In any case, Ukrainians will then have every justification to gain their rights. After all, our common history is not tied to any bloody events. We did not live badly, and we know about the influence of Romanian culture on Ukrainian culture, and of Ukrainian on Romanian. The population is intermingled: In Chernovtsy Oblast, the natives are both Ukrainian and Romanian. And in South Bukovina, in Romania, the native population is both Romanian and Ukrainian. And, indeed, those Ukrainians who live in central Romania are not migrants there...

[Portnikov] But nevertheless, Romania, probably, is interested in Ukraine also because of its own relations with Hungary, which are not simple?

[Sandulyak] In a geopolitical sense, this southeastern region of Europe—Ukraine, Hungary, Czecho-Slovakia, Bulgaria, Romania, Poland, and Turkey—has common interests. And we are so interconnected that relations

between Romania and Ukraine cannot but affect the relations between the other countries of the region. So that we must build, if not a "common European house," then our own part of this building. And we must not forget that territorial claims are a double-edged sword: If a precedent is established for a violation of the Helsinki agreements, other neighbors of Romania could assert territorial claims against it.

[Portnikov] Of late, more and more Ukrainian politicians are turning from domestic problems to diplomacy; moreover, there are many among them who are well-known for their propensity for compromise—centrists, in a word, people who probably are needed in Ukraine...

[Sandulyak] Ukraine does not have its own diplomatic corps: It was in Moscow, and it remained there. But the state of affairs in the country itself also depends on foreign policy activity. Thus, they are going, and, possibly, they are constrained to do so. As for my appointment, the fact that I am a native of Bukovina and a Bessarabian may have played its own role in it. I know the country to which I am going rather well—its history, language, and the mentality of the nation. I know the people.

BELARUS

Shushkevich Discusses Political Image, Role

92UN1944A Kiev NEZAVISIMOST in Russian
8 Aug 92 pp 4-5

[Interview with Stanislav Shushkevich, chairman of the Supreme Soviet of the Republic of Belarus, conducted by Yu. Svirko, NEZAVISIMOST correspondent in Minsk: "When Things Are O.K. in Ukraine, They Are O.K. With Us Also"; date and place not given]

[Text] The guest of NEZAVISIMOST readers today is a statesman whose political image has as yet been hidden from us by the dense foliage of the Belovezhskaya Forest. Many people are calling the formation of the CIS the beginning of the end. For the Belarusian leader, who hastily interrupted his vacation in connection with the signing of the allilateral agreement between Russia and Ukraine on the Black Sea Fleet, it is the reference point, it would seem....

[Svirko] Stanislav Shushkevich, for Belarus you are "Father, Son and Holy Ghost": head of state, speaker of parliament and hospitable host of the center of the CIS. How are you managing to combine these quite complex duties?

[Shushkevich] I will begin with the fact that I am not the head of state. There is in our Constitution only the position of "highest official." This is fundamental. Many of the functions which in other countries are entrusted to the head of state have been entrusted to me, and I may be termed the head only in respect of these functions. And as regards the combination, I have, fortunately, deputies, who can worthily substitute for me in parliament; there are commissions of the Supreme Soviet and there are Belarus' representatives attached to the coordinating bodies of the Commonwealth providing for preparation of measures connected with the CIS. My role here amounts to conceptual analysis.

I would not speak about my particular significance since I am essentially only a relatively high-ranking official. All questions are decided, in the main, by the Supreme Soviet and its Presidium—this is the old tradition of collective leadership. I am not happy with everything in this respect but I believe that such an approach has its advantages. If there are, indeed, democratic standards of work in the Presidium and in parliament, my functions are expressed in clearly carrying the opinions and decisions of these authorities further—to the rest of the world, for example, and during contacts with foreign statesmen here or at the time of official visits to other countries. I can express as the official viewpoint only the viewpoint of the Supreme Soviet of Belarus and its Presidium.

But what I have liked particularly of late is the fact that things have appeared which I, without undue modesty, consider myself to have initiated. This applies, for example, to the principles of good-neighbor relations

with the countries closest to Belarus, where nations overlap and where the Molotov-Ribbentrop Pact and other unseemly acts have left their melancholy trace. Our political activity, were it to abide on this issue by the old and, generally, good traditions, would lead to much misunderstanding, and for this reason we are making absolutes of the Helsinki and Paris approaches, and we are currently united in these: I see no disagreements anywhere in our official, state structures.

[Svirko] When Leonid Kravchuk was asked which president of the CIS countries impressed him the most, he replied: "He is not a president as yet—Stanislav Shushkevich." How soon will there be a president in Belarus, and will Shushkevich be he?

[Shushkevich] To be honest, it was pleasant for me when I learned that Leonid Makarovich had a positive attitude toward me. I, in turn, would like to say that I greatly respect the distinctiveness of the position of Ukraine and its leaders and regret that we cannot in a whole number of instances act similarly. We simply do not have the right to do so: We have to a large extent simply not matured to the same extent, and the processes of assimilation and blending have gone considerably further with us than in Ukraine so we must develop other approaches.

I am already sick of repeating that I consider premature the introduction of presidential rule in the Republic of Belarus at this time, within a month and within a year even. I believe that this will take a minimum of two or three years. It is not a good thing, perhaps, to be glancing over the fence toward one's neighbor, but I am not gratified, for example, by what is happening in Russia. However we interpret this, however we approach it, a very decent, very prudent, very democratic president and a well-educated and very composed chairman of parliament, who has generally established himself firmly in his role, quite often represent a confrontation—not a contest of ideas, but confrontation. And I am convinced that this is not to Russia's benefit.

Russia is better prepared for parliamentary activity than we. It has great traditions and a very high intellectual potential of parliament (the legislative activity of the Soviet Union was concentrated there the whole time), but I am greatly disturbed by the fact that some not always healthy adversary character is observed even in Russia. With us this would be an even more unhealthy phenomenon, and for this reason I am a supporter of our perfecting our parliamentarism by the evolutionary path (our collective organ of supreme power is very large, cumbersome, and not entirely democratically elected, perhaps) and only then posing the question of the presidential form of government. Today, however—and perhaps this is clamorous or a slogan to some extent—guided by the interests of Belarus (my opinion, like any other human opinion, is naturally subjective), it is too early for us to take this step. And I have already said repeatedly that this is the sole issue on which I am 100 percent at one with the parliamentary opposition of the Belarusian Popular Front.

There is no great peace with us in parliament, and on many serious issues the alignment of forces is characterized by a 50:50 ratio. There is sometimes multiple voting, with a negligible change in wording. I would not say that our parliament has made common cause around some idea or other. There are in it many different opinions, approaches, and interpretations—there is no unity here nor could there be. But what is sacred is that if parliament has agonized its way toward a particular decision, it is fulfilled also by the people which protested against it. We make common cause and adopted decisions.

It seems to me that the appearance of such a powerful institution—on the one hand executive, on the other, legislative (with the right to suspend certain enactments and to return them to parliament)—as the institution of the presidency would at this time complicate the situation, and for this reason I would like to wait a while.

[Svirko] You were head of the Nuclear Physics Department at the Belarusian University, became a well-known scientist—and went into politics. Who helped you become a deputy, and is physics now helping you in politics?

[Shushkevich] I was nominated for people's deputy of the USSR by staff of my department; then this nomination was sustained at university level. If I have friends and sympathizers anywhere in official structures, it is the department and the Belarusian State University as a whole.

I believe that every politician is required to have a minimum of mathematical and physics knowledge since certain problems arise on account of politicians lacking ordinary scientific knowledge. Sometimes these problems grow into catastrophe....

I was recently not on my best behavior, perhaps, in conversation with a television commentator. On the basis of a small sample of the opinions of people in the street he painted such a motley spectrum of opinions that, had it been shown to the foreign viewer, he might have thought that there was total chaos in Belarus. A person should be conversant with the rudiments of statistics and understand what is meant by average—the real average—what is meant by average level, average opinion, opinion spread, dispersion—every physicist of any level knows this. If politicians have a minimum of scientific knowledge, they will not elevate to the level of a problem secondary phenomena.

I believe that my experience as a research worker and lecturer has made its mark on me in this respect, of course. I am sometimes nostalgic for my old work, but I do what I am doing now with great satisfaction. And publicly or secretly, I make for myself analogies with the processes and phenomena which I investigated earlier. This helps.

[Svirko] You have invariably been the most optimistic in assessments of the future of the CIS. I would like to know how you evaluate its present and still not very lengthy past. Could you now repeat your celebrated Kiev words: "The CIS has more reason to be called a Commonwealth than the USSR to be called a Union"? For after all that

has happened in Nagorno-Karabakh and the Dniester region and not only in these flash points, many people have begun to call the CIS a co-enemy....

[Shushkevich] I altogether reject these verbal manipulations. And what is happening (we will not specify in which regions of the CIS) is happening, I believe, mainly because the principles which were made the basis of the Commonwealth are being violated. It is the deviation from these principles which is engendering many difficulties: insufficient respect for the constitutional, legitimate authorities and stimulation of the actions of unconstitutional authorities.

The application of an extraordinary measure which would be adopted on the basis of the "consensus minus one" formula, which has become established thanks to my proposal, incidentally, is possible in individual cases, perhaps—but this is impossible as a systematic measure, as a general approach.

Difficulties arise where we deviate from the principles at which Europe and mankind as a whole arrived by an arduous path. These principles were arrived at the hard way in Helsinki-1, then confirmed and developed in Helsinki-2, and then formulated 18 months ago in Paris. I speak of these documents all the time because colossal work was performed on finding the precise wording and conceptual approaches. I will not go into the wording but simply splendid solutions were found from the viewpoint of conceptual approaches. Everything in the world is so confused by the thoughtlessness and guile of politicians, wars, the migration of large groups of the populace, and by disinformation that finding rules of the game was essential. They were found, and if they are observed, there will be a minimum of unpleasantness.

I was and remain an ardent supporter of the CIS and am, incidentally, a supporter of appreciably closer integration than now, but integration which is just. I believe that we and Russia will set an example. We have a very respectful attitude toward Russia, and the more it is confirmed by deeds, the more respectful will be the attitude on the part of Russia which is displayed in respect to us. Gaydar does not clap Kebich on the shoulder from time to time—the prime ministers of both our countries work as partners because there is in Belarus a whole number of items in whose development Russia has an interest.

And those words simply came out accidentally, from boredom, when there are many of them. But I believe they are right.

[Svirko] Not that long since Vytautas Landsbergis said that Belarus had not yet determined its position in respect to the Baltic-Black Sea community, and not just on this issue either. Do you agree with his words?

[Shushkevich] No, I do not. This was said with a deeper meaning, and my deciphering of this is as follows. Lithuania, and it has a legitimate right to this and is doing this constitutionally, in accordance with the results of its referendum and the decisions of its

Supreme Council, is largely pursuing a different policy from that of Belarus. This is its right, and we respect this right. If, on the other hand, Lithuania or perhaps some of its politicians would like us on certain issues to be more akin to Lithuania than, say, Ukraine or Russia, this is its politicians' concern. We will choose our path on the basis of our interests.

The sole thing which I do not accept and which, incidentally, has always been imputed to me (my critics are now silent for some reason or other, it is true) is our policy's lack of feature. Please understand that loudness and purposefulness are different things. We are not featureless. We are smarter than in the first days.

I do not rule out the fact that many positions in respect to the Baltic-Black Sea community could be very close to us—the creation of a nuclear-free zone, for example. Let us be frank, technical and technological growth at this time is such that the question of the manufacture of nuclear weapons in relatively developed states will be political more than technical. The idea of a Black Sea-Baltic union could possibly be close to us in addition in the plane of a simplification of economic relations also. In the plane of political unity, the conclusion of some military alliance even more, this does not entirely accord with our legislation.

I personally have a most guarded attitude toward the idea of the creation of a Baltic-Black Sea community.

[Svirko] Responding to a question of mine during a news conference on 10 December of last year, immediately following your return from Viskuli, you declared that Belarus' development trends were similar to those of Ukraine. Is your forecast being borne out?

[Shushkevich] Of course, they are similar in many respects. We have much in common, but Ukraine, as a country which is better supported by its own resources, is in the economic plane in a far more favorable position than we. Its foundations for rapid development are considerably greater than ours. We can only wish it success on this path. This would have a good effect on us also, incidentally, for when things are o.k. in Ukraine, they are o.k. with us as well.

[Svirko] Stanislav Stanislavovich, how have Belarusian-Ukrainian relations been developing since Viskuli? It cannot be said that they are being illustrated as extensively as Belarus' ties to Russia, Lithuania, or Poland.

[Shushkevich] As distinct from, say, Lithuania, things with Ukraine are far simpler. We have language proximity, diffusive penetration, and a very strong similarity of character, and I would like us not to have to look for some preventive steps to avoid difficulties. It is thus, in my opinion, that our relations are taking shape. We have certain positions which could seem to some people delicate, but once again, as a physicist, I statistically evaluate this as occurring at the level of fluctuation; that is, a chance deviation from mean values. Thanks to the primacy of human rights, which we sacredly observe, we

have simply accorded all those who have different opinions on this question, and these different approaches are flourishing, complete freedom of action.

[Svirko] Let us turn to the internal problems of Belarus. What worries you today most: the economy, politics, military problems, culture, or the environment (the instability of production, the referendum on the dissolution of parliament, a reduction in the army, the fate of Belarusians as a distinctive nation, the consequences of the Chernobyl catastrophe)?

[Shushkevich] The emphases change, but one is invariable: I am convinced that if we put the economy in order, the rest of the problems can be solved. The culture and level of education of our nation are quite high, and other problems can, therefore, be resolved.

All those who are not in authority, first, angrily condemn the authorities and, second, have prescriptions of economic transformations which are to bring us to prosperity. But the simplest systems analysis shows that all these ideas are distinguished from the parliamentary and government ideas for the worse.

[Svirko] Have you managed to acquire political enemies or to have seriously offended anyone?

[Shushkevich] I have of late, for example, felt a wave of insults directed at me for my recent speech on Belarusian television. I was asked at that time whether two days hence there would be price rises. Although I knew precisely on what prices would be raised and how, my duty as a statesman was not to announce this. I said that we had switched to a market economy and that I was not informed as to the details. Officially this is called "releasing prices"; that is, a rise therein to a particular ceiling is authorized, and they rise immediately. Had I said at that time that prices would rise the day after tomorrow, I would subsequently have received a summary of operations and seen that the number of injuries, fights, and all kinds of instances of vandalism and outrages in lines on the territory of Belarus had increased considerably. This commotion will not save the nation, it helps no one, and for this reason it is in many instances impermissible making such preliminary announcements.

[Svirko] Your favorite words are "in fact" and "zgoda" (translated from the Belarusian: "accord"). Could you formulate your credo, your life's motto?

[Shushkevich] It is important for me to understand first what needs to be done and then to do it without making any particular fuss.

The difficult thing for me, and I am not embarrassed to say so, is the fact that despite the enlistment of very skilled specialists, people devoted to Belarus, the forecasts, calculations, and assessments in many instances show that we need to seek a better path than the one which we are following. That it is said that we have no program, this is rubbish: It has been approved by the Supreme Soviet and published. But it generally permits a broad interpretation of

a whole number of questions. Both strategically and tactically we are not taking the best path if the criterion of the optimum is considered the development of the economy and assurance of a growth of production. When I learn that China is showing an increase in industry of 10 percent annually and that its gross national product has exceeded that of Russia, this troubles me very much and induces reflection on the seemingly incontestable facts, trends, and importunings which are made in respect to us.

[Svirko] Esteemed "Saturday guest," what do you usually do on Saturdays?

[Shushkevich] I work on my country cottage or get on with work in the Supreme Soviet. The happiest Saturday for me is when I can get out to do some digging or work on my country cottage.

[Svirko] You have not completed it yet?

[Shushkevich] No, this work will last me the rest of my life.

[Svirko] And when will you move from your two-room apartment into a new one?

[Shushkevich] When it is built. I was to have moved by the 1992 New Year. This is altogether a curious business. I wanted to acquire an apartment in the area of my constituency. It was to have been handed over by the New Year, but now I am being told continually that it will be handed over in a month, but I was there recently and I believe that I might have a chance of moving once again by the New Year—of 1993.

[Svirko] How often do you see your family?

[Shushkevich] Every day. Every night, rather.

[Svirko] And when were you last in a store?

[Shushkevich] Literally just before this interview. I have many habits which I am not about to break. For example, when I am returning from work or on my way to the country cottage, I go in at the store to purchase what my wife has telephoned to say we need.

[Svirko] This February my article on you appeared under the heading: "The Physicist Has No Time for Lyric Poetry Now, Particularly if He Is a Head of State." Nonetheless, do you in the difficult prose of everyday routine find a minute for poetry?

[Shushkevich] Yes, I do. I am very pleased that our Belarusian publishers have begun to produce facsimile editions of booklets which appeared earlier—in the twenties, for example. To be honest, earlier I would have answered your question approximately thus: I like to rummage around a little and find sweeping, timeless phrases in Shakespeare or someone else. Now I see that there are such in Yanka Kupala. Thanks to the activity of our publishing houses, I may now make contact with real Belarusian poetry, which would adorn, it seems to me, any nation.

[Svirko] Stanislav Shushkevich Sr. was a poet and was subjected to punitive measures. The middle Stanislav Shushkevich became a physicist and came to head an independent country. What will Stanislav Shushkevich Jr. become in the post-Soviet Belarus of the 21st century?

[Shushkevich] It is very hard for me to say. In any event, the period of my son's activity when he wanted to become a "pirate" has passed. When I answered sincerely a similar question in an interview, I was condemned by veterans (one even wrote an article), and it was after this that this desire of his vanished.

[Svirko] Stanislav Stanislavovich, what question would you answer under no circumstances?

[Shushkevich] I always answer all ethical questions.

[Svirko] Your interview will be published on the eve of the anniversary of the putsch; permit me, therefore, to put a Bolshevik-type question: What were you doing on 19-21 August 1991?

[Shushkevich] I can give you the chronology absolutely precisely. I was on vacation and was building what I call my country cottage on an orchard-garden plot in a university cooperative with the aid of a concrete mixer and various instruments. At 11 o'clock on 19 August I went to the Supreme Soviet, accosted its then chairman, Nikolay Dementey, and said that we needed to assemble a session. The situation was delicate, and I felt that the escapade of a return to the priority of union "laws" had a bad smell about it. I found in parliament a great number of persons of the same mind who had also come here and who believed that a session should be assembled. We got together, and people of different approaches and convictions got together, what is more, and appealed via the newspaper. We made no more official statements; all the rest was merely personal conversation. As a result we assembled a session.

[Svirko] Even before the putsch, Mikhail Gorbachev had described you this way: "An independent, straightforward, and open person of a balanced train of thought. What he knows, he defends, on what he does not know, he does not venture an opinion." Was the president of the USSR right?

[Shushkevich] It seems to me that he was even overpraising me somewhat. He subsequently said far worse things about me so I support his first words.

[Svirko] And finally, are you not yet sick of journalists?

[Shushkevich] No, no. You know what.... I am sick of primitive journalists. A journalist should make a cut and ask few questions, but those whose answers reveal the heart of the matter. I am tired of primitive journalists who force out primitive questions learned by rote and I believe that any normal person would be tired of them. I like brazen, but thinking journalists. Primitive ones, I do not like.

[Svirko] Thank you for the interview.

ESTONIA

Republic's Economic Decline Examined

92UN1868A Tallinn ARIPAEV in Estonian
9 Jun 92 p 7

[Article by Aavo Kokk, BNS: "Estonian Economy 1990-1992"]

[9 Jun 92 p 7]

[Text] Aavo Kokk finds that economic opportunities were extremely favorable over the past year, and that they could have been used to a much greater advantage.

Up until recently it seemed impossible even to describe the development of Estonia's economy with the help of contemporary economic theory. By now, however, economic reform in the states of Eastern Europe has reached a point where economic theory has enough material to make its first generalizations. It turns out that the economies of Eastern Europe can also be described and analyzed rationally. What's more, it is the Eastern European experience that has put an end to the dispute between several different schools of thought.

Now, I want to describe what has been happening to Estonia's economy over the last few years, and examine why Estonia reached a severe crisis just at the beginning of 1992, and what that crisis means to Estonia.

The 1990 price increase was favorable to Estonia's economy. Let's start with the second half of 1990, when prices in the Soviet Union actually started to move for the first time. However, not all of the prices started to move at once. Moscow put up a vigorous resistance to raising the prices of raw materials, and so only the prices of finished production went up. Benefitting most from that situation were such regions of the Soviet Union that dealt primarily with finished production. The trade balance of these regions showed a surplus, that registered as a bulge in the bank accounts of enterprises. Estonia was one of those regions.

Even though prices went up, the market did not fill with merchandise, enterprises simply produced less, and the market was still flooded with money. A deficit economy continued and enterprises remained ready to buy up raw materials in unlimited quantities. This is why enterprises had virtually no long-term savings at the banks. Even if someone did save money, it was converted into foreign currency. Quite often in sudden leaps, the ruble was steadily dropping in value through the entire year of 1991. Besides, foreign currency was a very fluid source of money—it could be converted back into rubles at any time.

Estonia received a great boost last year. Because there was more freedom for foreign currency transactions in Estonia than anywhere else in the Soviet Union, both rubles and foreign currency kept flooding into Estonia from other republics as well and commission amounts, at

the very least, wound up in Estonia. At that time, Estonia was still receiving free or very cheap money directly from Moscow, due to the inertia of the Soviet Union State Bank. This money came to the Republican Bank of Estonia of the Soviet Union State Bank, and from there into the commercial banks.

All of this combined, created a situation where a very big credit resource was concentrated in Estonia. In fact, it was unusually big for a transitional economy. And, due to that, even the interest rates on loans at Estonia's banks, were significantly lower than the average rates in the Soviet Union. In 1991, Estonia's new business starts were almost as vigorous as those of the United States. Estonia's economy received a big boost in 1991, and that allowed a series of steps to be made painlessly, like deregulating many of the prices, which would have been very difficult to accomplish otherwise.

How did the banks operate? Interest rates on loans were also well below inflation levels. The banks themselves did not experience any losses from that, because their profit is derived from the difference between the interest paid to savers and the interest charged on the loans. The party benefitting, however, was the developing economic sector. It was the savers who were losing, but most of the savers were old enterprises who, taking advantage of their monopolistic stance, had pumped up the prices and made a lot of money. The principal lenders and makers of profit were new enterprises, doing even better as time went on. Banks even had a certain incentive to give cheap loans. While interest rates are low, many requests come in for loans. In a situation like that, the banks can choose who should get a loan, and who should not—there is a wider selection. Since Estonia did not, and still does not have a law for guarantees, a wide selection of borrowers became especially significant.

A low interest rate on loans also reduced the banks' credit risk indirectly. High interest rates bring in projects to the bank that have a high profit potential, but also a higher risk factor. A low interest rate can open the doors even to those whose business yields a modest profit, but also carries a lower risk.

Raw materials enter the market. By the end of 1991, prices of raw materials finally responded to deregulation, and that brought raw materials out to the marketplace. Estonian enterprises started buying right away, regardless of the price. It turned out, however, that products made out of expensive raw materials were no longer selling. That was caused first by an overall increase in prices but, at the same time, the Central Bank of Russia had also introduced a rigorous monetary policy, and that decreased the demand even further. Estonia's enterprises found themselves in a situation, where they had spent the money, but could not earn any new money with the sale of their products.

The money that had come easily, had also gone easily.

[11 Jun 92 p 7]

[Text] Aavo Kokk finds that today's economic problems are caused by "price shock." Estonia received its greatest shock at the beginning of 1992, when Russia deregulated the price of fuel. This shock was more painful to us than it was to some of the other states. I am reluctant to agree with those who see it as a failure on the part of Estonia's leadership. Having, for years, followed both Latvia and Lithuania, I can say that, at the beginning of 1992, Estonia distinguished itself from Latvia and Lithuania not by a leadership that was dumber, but by an economy that was freer. At that moment, it was reflected in the fact that the old system had been dismantled, but the new one had not yet been secured. If the Savisaar government be faulted for anything, it could be faulted for not having taken more of an advantage of the favorable year of 1991.

In the economic theory, such an upset in prices is known as a price shock. (Olev Raju calls it supply shock). A sudden hike in prices brings about higher tensions in the economy—demand for money goes up, and companies try to borrow money. That sends the interest rates up and, with it, the volume of investments down. With a decline in investments, there is also a decline in the national gross product or production, in its current sense. This, in turn, can cause unemployment.

Two ways to overcome the shock. There are two ways to overcome the price shock. First, the State Bank can increase the volume of money in circulation and thus alleviate the tension. Estonia could not have taken that route because the amount of money in circulation did not depend on the Bank of Estonia. That left the only other option available—to simply endure the shock and let the prices find their own level. The difference between the two options, apart from the pain factor, is that even though the first option is milder, the decline lasts longer.

The first to be hit by the January price shock were big enterprises, whose market is primarily in Russia, then came the turn for just about all other production enterprises. At about the same time, the strict monetary policies of the Central Bank of Russia came to be felt keenly, enterprises had no money left, even for the payroll. The situation was aggravated further by the increase policies for nominal pay pursued by Estonia's new government. That grew bigger than the economy could bear. Estonia's economy was caught in a vicious circle of the liquidity crisis—enterprises had enough assets, but could not convert them into cash fast enough.

It didn't take long for the liquidity crisis to reach the banks. Money stopped coming in and, ever more frequently, banks had no money to meet the demand. By the end of April, there were days when almost all of the banks were operating at a loss. Boding even worse for the future—what was a liquidity crisis for enterprises became a credit crisis for the banks. Enterprises can no longer make their loan payments, and quite a few of the

weaker banks will soon be facing bankruptcy. As they go bankrupt, however, they will also pull down enterprises, whose money they keep and lose.

Several plant closings and the ever-rising unemployment are some of the key issues to be faced over the next six months ahead. From the point of view of economic development, however, privatization and credit resources are matters of much greater importance. In the first instance, the catch is that the primary economic problem will have to be resolved by politicians. In the second instance, it comes down to how to get additional money from the outside, either as foreign investments, as loans, or in some other way.

Effects of Currency, Tax Reforms Examined

92UN1956A Moscow DELOVOY MIR in Russian
17 Jul 92 p 1

[Article by DELOVOY MIR Correspondent Regina Baleva: "Estonia After the Reform"]

[Text] "The excessive rise in taxes in the aim of adding to the state treasury is, in essence, the start of an inflationary era for the kron and this will bring the Estonian economy and all society to a rapid catastrophe." This was the essence of a memorandum from 44 Estonian businessmen who submitted it to the republic Supreme Council. In the opinion of the business people, at present a criminal colony is being formed from persons who do not earn the minimum standard of living. Such monetary reform and the ever harsher tax system could lead to a state coup.

Thus, the euphoria over the introduction of the kron has been replaced by profound confusion. A general improvement in the standard of living has not yet come about. The increase in the turnover tax from 10 percent to 18 percent from the moment of introducing the kron marked the beginning of a new jump in prices. Each day the local press announces increased prices for water, meat products, municipal transport and so forth. What remains for the simple mortal after the introduction of the monetary reform? What remains are the excessive taxes. The small entrepreneurs are in a profound depression. Estonian private businessmen and small entrepreneurs are unable to sell their products on the Russian market due to the high cost of manpower, while they cannot penetrate the West due to the absence of investments which would make it possible to produce a high quality good. The heavy tax burden virtually eliminates any opportunity for internal investments. In the small entrepreneur circles, they joke bitterly that again the Russian KGB has sent the IMF agents into Estonia to stifle Estonian entrepreneurship.

In fact, the proposal of the IMF contained three main positions: a clear program of stabilization by increasing the turnover tax and the income tax both for the private individual and the enterprise, free prices or a liberalization as well as the freezing of wages. Possibly for a rich

state this advice would be a panacea against any misfortunes, but the patient Estonian people, a majority of whom is having a hard time making ends meet, can scarcely endure such taxes.

Recently local television proposed that the residents of Tallinn boycott the former hard-currency stores as here, after the introduction of the kron, the cost of goods not only did not decline but jumped to unattainable heights. At present there is scarcely anyone who could afford 800 kron for a cotton blouse. But is a boycott the solution? Following this logic, one would also have to boycott the state stores and the markets. If one analyzes the data of the Statistics Department, in comparison with the fourth quarter of 1989, in March of this year prices for food in the republic had risen by 49 fold! And if one took not March but June... One is simply reticent to even speak about the income of the public. In the marathon with prices, income has lagged behind even at the start (excluding, perhaps, the wages of the state officials above a middle rank).

But let us return to taxes. Of course it would be silly to accuse the IMF of all the blame. It is always possible to seek out and find a guilty party. Let us recall that on the eve of the monetary reform it was officially announced that the state budget was in balance. But it turned out that "unforeseen expenditures" had led to a state budget deficit of 300 million kronas. This deficit could be met only out of the pocket of the taxpayers. What were these "unforeseen expenditures?" Were they not the 175 million kronas needed on the eve of the reform for increasing the salaries of the leaders of the Supreme Council, the State Assembly, the state officials and so forth? There is no official confirmation of this view, but most probably precisely this expenditure idea blasted a large breach in the balanced state budget. As a result of this, the tax system itself was turned into complete nonsense. Henceforth there are to be no gradations. The basic part of the public, beginning with income of 251 kronas, will pay 33 percent and only the elite portion of the public will surrender 50 percent of the income exceeding 2,000 kronas.

In concluding this brief review of certain aspects of our bustling life, one might well reflect: what an ignoble creation man is! Today we are urged to boycott the stores which just yesterday were a subject of cherished dreams. I recently walked through the old part of Tallinn which abounds in all sorts of "shops." An attractive interior, fine manners, sales personnel who ran up to us on first hearing the bell, a decent assortment of goods, in truth, still not Western ones but all the same... On the other hand the prices were above Western ones. No lines and there seemed to be no visitors from other places. One or two purchasers, basically elegant ladies asking the price summer of summer shoes at 600 kronas. But my goodness! It is hard to figure what is better: an empty pocketbook and full shelves or vice versa.

Social-Democrat Leader Forced to Quit Party

92UN1956C Moscow NEZAVISIMAYA GAZETA
in Russian 18 Aug 92 p 3

[Unattributed article : "Estonia"]

[Text] The first breach in the once-solid ranks of Estonian Social Democracy was made in the course of the struggle for seats in the future State Assembly. Upon the demand of the leadership of the ESDP (Estonian Social Democratic Party), one of its leaders and founding fathers Rein Veidemann has left the party. The formal reason for this was that Rein Veidemann preferred to run for the State Assembly under the list of the electoral union of the People's Front and not under the list of the "Moderates" ESDP bloc. By so doing, Rein Veidemann violated both the Bylaws and party discipline.

The sole clear explanation for what happened can be the statement by the ESDP Deputy Chairman Vello Saatpalu, and in his personal opinion the reason for the "betrayal" by Rein Veidemann is to be found in the differences of opinion of the latter and the party leadership over the so-called "Russian question." The "defector" undertook to propagandize the broad granting of Estonian citizenship to the Russia-speaking republic inhabitants, the integration of the latter into the life of the nation and other liberal ideas which do not frighten the People's Front bloc but which are completely unacceptable for the ESDP members.

Commander Protests Government Military Service Time Limits

92UN1956B Moscow NEZAVISIMAYA GAZETA
in Russian 8 Aug 92 p 3

[Unattributed article: "Estonia"]

[Text] The subunit commander of the rescue regiment in the Estonian Defense Forces, Tarmo Lepik, told correspondents that in the event that the republic government does not change its decision of 3 August on shortening the length of regular service in the Estonian Army to 12 months, his unit would begin a sit-down strike.

"In essence, the government's decision is logical, but in the current situation I personally am against it as such a decree should be drawn up in different legislative enactments. This decision cannot be given retroactive force, as otherwise the Army would remain without soldiers. I am also against releasing the young studying in VUZes from military service as this would lead to the establishing of a worker-peasant army," stated the Chief of the Main Staff of the Defense Forces, Col Ants Laaneots.

Col Laaneots said that there can be no question of any strikes in the Estonian Army.

Foreign Ministry to Set Up Counterpropaganda Section*92UN1955B Moscow NEZAVISIMAYA GAZETA in Russian 7 Aug 92 p 3*

[Article by Ilya Nikiforov: "The Estonian Mass Media in the Fight Against Hostile Propaganda: The Estonian Ministry of Foreign Affairs Has Set up a Counterpropaganda Subdivision"]

[Text] Propaganda in current Estonian politics holds a special place and it would be hard to overestimate its role. Political observers recall the great propaganda efforts which made it possible for the Baltic states to achieve the inclusion in the final July document of the CSCE a clause on the necessity of the fastest withdrawal of foreign troops from the Baltic countries. Equally striking was the success with which the experts of the Council of Europe were persuaded that Estonia fully observes human rights. Only Russia was demonstrating inflexibility. Ultimately an image of Estonia was formed as a young democracy, sincere in its intentions, and ready in all ways to follow the example of the senior European comrades. However on the path to Estonian democracy stand the Russian troops who seek to perpetuate their presence in the Baltics. A more delicate propaganda situation arose over the status of the Russian-speaking population in the republic. By the efforts of the Estonian Ministry of Foreign Affairs, this problem both officially and unofficially has been presented as the regaining of the civil status of the former republic with a most liberal procedure for naturalization for those wishing to obtain Estonian citizenship. As a rule, added to this is the proviso that the half-million Russians cannot and do not want to integrate, they are hostile to Estonian independence and so forth.

Last month the propaganda machine began to miss. This was particularly apparent after the incidents involving Russian servicemen. Understanding and support for Estonia in the West were replaced by restrained perplexity. The press department which was recently set up under the State Chancellery has been entrusted with the reshaping of foreign policy propaganda and making it more effective. This department is to be headed by Ulo Vooglaid, the well-known Estonian sociologist whose laboratory in the 1970's was destroyed by the efforts of the KGB, by the party bodies and certain colleagues at Tartu University. The first step of Ulo Vooglaid was a meeting for the representatives of the mass information media and the information agencies in Estonia. "The propaganda war has broken out again in Russia," he stated. The Estonian journalists intend without delay to work out the means for combating hostile propaganda, while the Estonian Ministry of Foreign Affairs, having already earned the nickname of "ministry of propaganda," has established a special counterpropaganda group within itself.

LATVIA**Latvia's Political Parties, Organizations Detailed***92UN1910 Riga ATMATA in Latvian No 1, Jul 92 pp 1,4*

[Article by Agnis Balodis: "Parties and Movements: Agnis Balodis on the Political Panorama in Latvia Today"]

[Text] According to all signs, the Parliament still elected by the Soviet constitution (the Supreme Council) no longer controls the situation in Latvia. This tendency has become particularly strong after the founding of the "Satversme" faction, which, in turn, has hastened the division of the People's Front into factions. Unfortunately, "Satversme" is still a minority faction and cannot put its political line into practice, although it is often able to reveal aspects of the Council of Ministers that need criticism. The administration, in turn, wishes to ignore the Supreme Council, overall, and to adopt resolutions in secret, like what just occurred with the registration of retired Soviet officers. The result of these developments is that the administration is increasing losing its previously great popularity with the people.

What will happen next? This is still not being discussed openly, but a secret and swift preparation for the Saeima elections is taking place. It is expected that the new population registry will be ready by September of 1992, and the experts consider that elections in Latvia could take place in the last few months of this year. In addition, those groups that support the "zero variant" are counting on the fact that only true citizens of Latvia as well as Latvians in exile will be allowed to participate in this election. Especially the latter group will have a major influence on the outcome of the election, and therefore they are being given a great deal of attention; but it should be remembered that the "zero variant" supporters have no intention of giving up their positions.

In this situation, it is important for the Latvians in exile to know what groups and parties are running candidates for the Saeima, which should be known before voting, and therefore we present here a short review of the Latvian political scene. In turn, this information can only be considered as conditionally objective, in fact, because the final scene has still not completely crystallized. Besides, an observer from abroad will always have to rely on local sources of information to a greater or lesser extent.

Starting from the totally left wing, we first have to mention Rubik's Soviet type communist party, which has gone underground. Although it cannot participate in the elections directly, it includes powerful and still influential former supporters of the Communist Party of the Soviet Union, this party's Latvian and Russian remnants, the KGB staff, and other elements hostile to the Republic of Latvia. This group, which still receives significant support from the army, and along with that, also from Russia, could play a major role in various

disruptive activities, in an attempt to delay the Latvian national and municipal stabilization.

To the right of this group, we could place the Latvian Farmers' Union (LFU) of former Latvian SSR Minister Bresis, with about 3,000 members, and next to it, the Latvian Democratic Work Party (LDWP) lead by Bojars, with about 6,000 members. Both of these groups came out of the former Latvian Communist Party when it split up in the spring of 1990. The above mentioned Latvian Communist Party right wing admitted it was Communist, even after the split-up, but claimed to represent "socialism with a humane face", which they wished to put into practice. Let us remember that before Bojars, the leader of the LDWP was KGB officer Ivars Kezbers, who still recently, together with Neilands and Bisers, defended the interests of the USSR. The ranks of the LDWP, even up until the fall of 1990, also included Anatolijs Gorbunovs, who, moreover, has not quit the party, but has merely been "suspended".

Both of these groups are often called the "nation's economists", and concentrate their activities on the rural population, because they believe that those who get the majority of votes in the rural areas will rule Latvia. The LFU supports the so-called "red barons", and interferes with the development of free and independent farming, and is also delaying the privatization of land and the disbanding of the collective farm systems. The LFU attempts to make the materially free farmers dependent upon and under the authority of the collective farm. Both the LFU and LDWP have a controlling influence over publication of the LAUKU AVIZE. This newspaper very cleverly hides its communistic roots, says what the rural population wants to hear, eulogizes Ulmanis, while at the same time, it very carefully leads the public opinion of the rural population in its own desired direction. Both of these parties support the "zero variant" and oppose renewing citizenship and give voting rights to the Latvians in exile. It is sad that these two organizations have a relatively major influence on the rural population; and especially those who are not considering private farming, but wish to continue working on the collective farms support the LFU.

Further to the right on the party scale, we can place the old, familiar Latvian Social Democratic Workers' Party (LSDWP), which is quite a small party in Latvia today, but one with obvious influence on political events.

In addition—either alone, or with a "helping hand"—the so-called "Christian Socialists" have split away from the LSDWP. The leadership of the LSDWP in Latvia is not considered to be overly successful, and its strongest supporters and most successful leaders are still found abroad. It seems that the greatest shortcoming of the LSDWP is that the party in Latvia has gained the support of the workers to only a very small extent, and abroad as well, it is purely a party for intellectuals.

Next on the party scale is the Rural People's Union, which they are trying to renew, using the Rural People's

Union of the former era of independence as an example. The tendency to split away from this party was evident quite early on, and today the party has various branches. First, we can mention the group that has formed from the old RPU members, who still remember the old party during the independence era. Predominant in the second branch are the well-known politicians, Kinna and Kruglauza. Kinna was formerly the director of some collective farm, but due to his excessive taste for alcohol, he was unable to keep the collective farm "on its tracks". The most unpleasant thing, however, is that KGB officer, Antonijs Zunde, is actively participating in the organizational sector of the party, attempting to form policies in accordance with his own organization's viewpoints. It is estimated that the number of members in the Rural People's Union is about 1,500; they reject subservience to the "red barons" and support the new farmers.

Next on the party scale is the Green Party, which, unfortunately, has very minor political ambitions today. The most visible figure in the party, Emsis, is in Minister Godmanis' administration and has very cleverly resolved various painful ecological problems. Along with that, political questions have been reduced to a secondary level. The party has a tendency to lean somewhat to the left, and also national questions are not of primary importance.

LPF and its various wings

With the blessings of the Latvian Communist Party, the largest post-war movement, the Latvian People's Front (LPF), was founded. Following other political movements of this pattern, a large number of communists got into the administration of the LPF, who attempted to take advantage of the movement's large mass to promote their own goals—in this case, under the guise of "sovereignty", to keep Latvia under the tight reins of the Soviet Union by some sort of "federation" or "confederacy" arrangement. At the same time, the LPF called for international recognition of Latvia's "new situation". Primarily because of pressure by the Latvian National Independence Movement (LNIM) and other national groups, the LPF was unsuccessful in realizing this goal. So that the LPF would not lose any more of its political initiative, it abandoned its thoughts of a Latvian federation with Russia, and joined with LNIM in calling for a free and totally independent Latvia; all the while attempting to salvage soviet structures in this "free Latvia" as well. Even after August 21, 1991, the red faction of the LPF did not give up this goal and, together with the LFU and LDWP, it worked persistently to realize it. All we have to remember, for instance, is the manipulation of the Supreme Council minutes on the question of renewing the 1922 Satversme.

Today, the LPF has lost many members, and overall, it is experiencing a major split according to different ideologies. The LPF faction in the Supreme Council no longer obeys the resolutions passed by the LPF administration, since that faction mostly consists of the old Communists. Three groups have crystallized out of the self-same LPF:

on the left, there is the so-called "Democratic center", where the most visible persons are the old Communists, Skapars, Ivans, Kalniete, Dozorcevs, and Bisers. Although formally, they are considered members of the LPF, the strongest ties of this group reach out far to the left—to the Bresis - Bojars "nation's economists". This group is likewise for the "zero variant" and against the Latvians in exile.

The LPF center consists of Ruzuks' group, with Dobelis, Augstkalns, and Godmanis' right hand, I. Cielavs. Even Godmanis' base of voters is found in this LPF group, and therefore Godmanis also shows great interest in the LPF and would especially like to see it transformed into a party, which could nominate him as a candidate in the next election. This group's political home base is not one sided.

The LPF right wing stands close to the Latvian National Independence Movement (LNIM). It is estimated that this group contains about one half to two thirds of all LPF members. This group is clearly nationalistic, supports the November 18th Latvian renewal, and is supposedly against the "zero variant", and against excluding Latvians in exile from participating in Latvia's political life. This groups ties extend to the LNIM, the Citizens' Congress, and even to the newly founded November 18th Union; it has been the birthplace of various very radical ideas, which have not found support by the other LPF groups, but have by the opposition in the existing national groups.

Next to this group, stands the oldest and most influential national group (if we don't count the ground breakers of Helsinki-86)—the Latvian National Independence Movement (LNIM). Just recently, in the very beginning of May, the LNIM 5th Congress took place in Riga, during which a new program was adopted and guidelines were drawn up for further actions. The development of the LNIM is not one sided: from one side, its initial membership (about 11,000) has declined, and is now estimated at around 3,000, but surveys show that the influence of the movement has grown, which could be explained by the fact that citizens do not wish to register in any political movement or party.

The LNIM likewise contains various branches, and the tension among them is clearly evident; the risk of the movement being splintered still remains. It is undeniable that this would be very beneficial to those who wish to stir up national opposition. Therefore, it is also not possible to reject the assumption that the opposition is in part the handiwork of the KGB. During the 5th Congress, this split-up was at least temporarily averted. There are many reasons for opposition, in part related to personal ambition and fighting for influence in the movement.

One of the two main directions of the LNIM is centered around the Supreme Council deputies, Berklaivs, Cilinskis, and Andrejs Krastins; the other direction—around

Visvaldis Lacis, standing behind whom is Olgerts Dzenitis and A. Mikoss, with contacts in the Citizens' Congress and the Latvian Committee. A crisis was created in the LNIM centering around the former president, Visvaldis Lacis, an outstanding speaker and popularizer of the LNIM ideas, but not such a good administrator. In order to keep opposition for becoming too acute, the LNIM 5th Congress decided not to select a new president f now, but to have the administration controlled by the Council acting as the collective administration.

Before electing the new LNIM council, the delegates to the Congress had to declare their loyalty, and affirm that they had never actively worked as USSR appointees, in the KGB, the Russian Army's General Staff Intelligence Agency, nor in any paid position in the Communist Youth Organization. The LNIM is very interested in working in cooperation with the Latvians in exile and involving the latter in Latvian political activities. Two Latvians in exile from Sweden (Vasarins and Balodis) were also elected to the new council. We will have to see how the LNIM will operate under the new prerequisites.

To the right of the LNIM is the Liberal Party, which is headed by J. Danoss. This is a small party with about 150 members, from which, in addition, the Liberal Democratic Party has split off, taking with it a sizeable number of members. Danoss' Liberals, however, have various surprising features: they support the zero variant, and the party organizational section is run by one Normunds Grostins, who is identified as a KGB official.

The Conservative Party of Valdis Steins has been able to attract about 500 members in a relatively short period of time, and also includes some famous personalities, such as the skillful reporter and editor of ATMODA, Elita Veidemane, and the Leiskalns brothers. The party's stand is not quite one-sided, but the majority consider it being for the national authorities. Steins started his political career in the ranks of the Latvian Social Democratic Workers' Party, but after the split up of the party, he quit the Social Democrats and founded his own Conservative Party.

The People's Party has about 20,000 members, which in turn comes out of the Repressed Movement, whose ranks include about 41,000 members, making it one the largest political movements in Latvia, next to the Latvian People's Front. The most famous personalities here are Pakalns, Meijers, Ans, and Brimants. The consistent positions of this movement have been to reject Communist structures, to defend our national ideals, to reject the zero variant; and it is, in all respects, interested in the opportunity to work in close cooperation with the Latvians in exile.

In this respect, it could be expected that the Repressed Movement will find common ground with the Daugavas Vanagi (DV), which, although it is not a party, could be very significant in the development of close and productive ties with the Latvians in exile. The DV in exile is a

well-organized, wealthy and active organization. A similar organization has now turned up in Latvia, which wants to fight for the DV nation's ideals in the fatherland, as well. Many of the DV members are also in the Repressed Movement. It could be surmised that, recognizing the threat of such developments to the red appointees, the KGB initiated counteractivity by infiltrating its "mole" into the Latvian organization's administration. There are no illusions in Latvia about this person's activities, and his unmasking has been rather quick. New officers have been elected, headed by the old legionnaire, R. Kovtunen. The DV in exile, however, have refused to accept these changes, and are persistently attempting to reach some sort of settlement with Pakalns' group, which represents a small part of the organization's membership. Understandably, this type of internal strife weakens the ability of the organization to join together in the fight to regain Latvia for themselves.

Further to the right, we can mention two political groups: the Christian Democratic Party and the Christian Democratic Union. These are small, insignificant groups; but some time in the future, they could become noteworthy political powers, since they undeniably occupy significant political niches in other countries. These parties have provided a political home ground for part of the former members of the Helsinki-86 group.

Next to the Christians, we can place the Revival Party, headed by the famous physician and politician, Vidins. He already came to the forefront when the opposition arena was still dominated by Helsinki-86. This party is small, with only 30 members, but with a recognized, albeit small, political influence.

Quite a few of those, who started registering citizens according to the Estonian example in 1990, and later, in spite of major resistance, organized the Citizens' Congress elections, from which, in turn, the Latvian Committee was elected, came from the Republican Party, which is headed today by A. Bergmane*. The party's political forum is quite consistently directed against any type of cooperation with Soviet political structures, and, for instance, has referred to the Supreme Council as the "self-government under occupation"—a name that is now also heard among the people. This stand, however, has reduced the Latvian Committee to self-imposed isolation, which has not always been for its own good. It has now become more active through demonstrations and picketing, as a way of speaking for itself. Also, the movement's newspaper, PILSONIS, has been enlarged and is the most read opposition newspaper; but in spite of everything, we still have to wonder whether this isn't all coming too late.

In this same circle of political groups, the November 18th Union, whose leader is Janis Straume, was founded at the end of last year. Active in the leadership of the Union are other politicians from the Latvian Committee, such as Jirgens, Brinkmanis, and from the LNIM, Vebers. The party has 300 to 400 members, and it is consistently opposed to all who wish to curtail true

citizenship rights. In his newsletter concerning the Union, Straume writes: "... our nation still clings to the Soviet power's system, with 50 structures developed during the occupation years and the Soviet Union Communist Party-KGB cadre-created echelon... On the international level, Latvia is represented by former Communist Party of the Soviet Union -Latvian Communist Party functionaries, who made up the occupying regime of the USSR... the November 18th Union is a national conservative political party of the Republic of Latvia, whose goal is to insure the existence and flourishing of the Latvian nation, to renew a legal nation, multi-party democracy, and a determining role in economic life played by private ownership."

In closing this review, I should mention various obscure political groupings, which have been formed relatively recently. This is a minority party group with the impressive-sounding name of the National Council. It is not certain what stands behind these groups, but their activities are thought provoking. The first that can be mentioned here is the Latvian National Democratic Party, nicknamed America's Road. Active here is a certain A. Malins, but a major role is played by an American Jew, David Hols. He has mentioned that the party has close ties with some sort of military movement in Ukraine, which has offered to train and provide weapons to the newly founded Latvian National Guard, but only in Ukraine... Otherwise, it seems that the party has no lack of monetary funding, because it recently ran a major poster campaign of national slogans in Riga.

This party, in turn, has been joined by another group, with the odd name of the Spirit of Imanta. It is difficult to determine what these parties actually stand for, or what their political goals are. A certain Klavs Radzins is active in the Spirit of Imanta. A whole row of organizations can be mentioned here, which are working closely with these parties, but which, judging from their names, should have a purely socialist direction. The Multiple Children Families' Association, the Latvian Workers' Association, in which the noted Modris Lujans is active, and also a certain Helsinki-86 group, in which Benita Ziemeles, the widow of the former leader of the Riga group of Helsinki-86, is involved.

Very suspicious is the so-called Trans-National Radicals' Party entity; it considers itself an "international party" and was supposedly founded in Rome in 1955. It now operates in 21 countries and contains about 4,000 members. The party considers its goals to be strict respect for human rights, saving nature and the environment, and founding the United Nations of Europe, which would encompass Europe up to the Ural Mountains. Active participants from Latvia are the Eastern Orthodox Priest and Supreme Council Deputy Zotovs, and a certain Lomonovskis.

Quickly glancing over this range of parties, it is not very difficult to find those groups in which the seeds of our national rebirth are hidden. In order to be able to knock out the "red barons" and old Soviet Union Communist

Party-KGB cadre from their positions in the upcoming Saeima elections, it is essential to solidify national power. Which groups qualify for collaboration in such a National League? Various small groups, which in principle could support the National League, would not do so for purely egotistical reasons. Overall, this does not mean too much. The alternative political power has to come from three major groups: the national wing of the LPF, the LNIM, and the People's Party. It is evident that we, in exile, should give all of our strength to the support of the creation of such a National League, and this is precisely where the organizations in exile could accomplish a great deal. It is hoped that the Daugavas Vanagi organization will overcome their internal problems, because at this moment, the future of Latvia could be found precisely in their hands.

In looking at this scattered political scene, we should note that splits are occurring in the national groups, and exactly in those places where the KGB would be interested in seeing such splitting. Yet, internal warring can only bring good to those opposed to the Latvia of November 18th.

Latvia in America

Editor's Note: A. Bergmane is not the President of the Republican Party.

Citizens' Congress Chairman on Political, Economic Goals

92UN1824A Riga PILSONIS in Latvian 19-15 May p 8

[Article by M. Grinblats: "Political Situation in Latvia And Our Main Tasks"]

[Text] One shouldn't consider the current political situation as something static but as a process of change, keeping in mind that politics, economy and culture form a unified integrity, that political changes create economic and cultural consequences, and that economic changes leave traces in politics and culture.

The recognition of independence does not create independence, as the demand for deoccupation and decolonization does not yet mean either deoccupation or decolonization. There should be a force willing and able to carry out these changes.

What is taking place in Latvia today? On the surface, several facts can be easily observed. Prices are "liberated". However, these prices cannot be considered free prices; these are high monopoly prices resulting from the lack of producer competition. For the first time in 6 months, one can see certain abundance in stores. However, this abundance is a result of the very low purchasing power of the population. Industrial production decreased by a dozen percent, but the profits of plants employing predominantly USSR colonists grew more than ten times.

The number of such severe crimes as homicides and armed robberies is rapidly increasing, but the policemen (former militia men), national guard, and other military units more and more often are participating in criminal activities or losing their personal weapons.

Let's turn to the facts hiding behind these phenomena. The transformation of colonial Latvia into neocolonial Latvia is taking place. Neocolonial Latvia will have political institutions which will supposedly be independent and accepted by Europe. However, there will be no economic life. The Latvian economy still has very strong bonds with the Commonwealth of Independent States [CIS], i.e., with the economy of the Russian Empire, and for the most part, it is a component of the military-industrial complex. Now, when rapid plunder of the socialist property takes place, interests of individual groups of nomenklatura replace the interests of the nomenklatura as a whole as it was earlier. The horror of the so-called orthodox Communists becomes more and more illusory. The colonial Latvia of the orthodox Communists is transformed into the neocolonial Latvia of bright and shrewd communists.

Here are several substantial features of this neocolonialism:

1. The withdrawal of the occupant army is replaced with a simple disbandment. This army's officers receive civil passports with the Latvian residence permit and actively participate in the privatization or sale of the army property. It takes place with the consent of Moscow and, obviously, with the consent of the present Latvian administration.
2. The Cheka is destroyed, but the majority of Chekists are incorporated into Latvian security services and various commercial structures.
3. Former All-Union enterprises become semi-private societies to serve the interests of the administration of these enterprises, militarists, Communist Party functionaries, and colonists.
4. Economic bonds with Western Europe often result in the formation of joint ventures of Western firms and USSR colonists.
5. It seems that the struggle for economic power for the time being has replaced political activity.

The purpose of this entire process is to retain these neosocialist masks that appear not to be associated with the empire. It is not difficult to guess who is preparing to become (or to say it more correctly, to stay) the boss in our country. According to the poll conducted by the Latvian Center for sociological studies, 5 percent of Latvians and [percentage illegible] of non-Latvians became entrepreneurs, and 8 percent of Latvians and [percentage illegible] of non-Latvians are preparing to start enterprising. I remind you that only a small portion of those non-Latvians have a right to become Latvian citizens. A percentage of the Latvian entrepreneurs is

formed from farmers but not from industrialists or merchants. The second obstacle that can create severe social and political problems in the near future is unemployment, caused by the artificial nature of the Latvian industry with regard to the market economy. The only main goal of industrialization in Latvia in 1945 was to create an economic basis for colonization. Now, when the transition to market economy principles is taking place in Russia, it is no longer in the interests of Russia to supply raw materials to plants employing for the most part so-called Russian-speaking workers. The March poll showed that 20 percent of non-Latvians were convinced that they will lose their jobs during the next 6 months. This fact intensifies their desire to leave Latvia for good. Among non-Latvians, 2.6 percent decided to go to the West and 7.2 percent decided to move to CIS. Economic warranties could significantly facilitate this migration. Fourteen and a half percent of the Latvian non-Latvians would go to the West if the West gave them food and housing. In doing so it is possible to stimulate the decolonization of Latvia by economic means. It is necessary only to have a government willing to see the importance of such measures.

To summarize briefly, the goal of the Latvian occupants and nomenklatura is to consolidate their economic power by the so-called privatization, or actually by plundering national and confiscated private property. Their goal is to hold Saeima elections under conditions when illegitimate privatization takes place in full swing and when all national power structures are saturated with former Communists and Chekists. If future elections take place under such circumstances, then former militarists, nomenklaturshchiks, and colonists will have the economic power to force Saeima to make two important decisions beneficial to these groups:

1. To legalize their stay in Latvia in case if the Supreme Council has not already granted them citizenship, statelessness certificates, or permission serve in Latvian security forces (in part, it is already taking place now).
2. To legalize the property that has been plundered.

What will follow? I will name only two the most important things. If colonists somehow even partially become legal, then "Russian-speaking" persons will comprise 30-40 percent of the entire number of citizens, and the Russian language will be adopted as the second state language. It will result in inevitable predominance of the Russian language in many areas of state administration especially, in police and other military formations. If the appropriation of property plundered by colonists and former militarists becomes legal, then Latvia will continue to participate in the military and strategic plans of Russia for another 50 years.

In order to get out of the existing and deepening political, economic, social, and national crisis, it is necessary to carry out simultaneously profound and comprehensive reforms:

1) it is necessary to replace colonial and other political and economic structures created by the state with independent structures, the subordinates of the state, i.e., to carry out the deoccupation and decolonization of the political and economic life;

2) it is necessary to replace the totalitarian structures of political and economic life with democratic, decentralized, and private structures, i.e., to carry out debolshevization and demonopolization.

It is important at this moment to facilitate the development of Latvian political parties. First, however, we must remember that parties always serve economic interests and therefore we have to distinguish which liberals or conservatives serve the colonial economy and who wants to revive the 1918 Latvian Republic parliamentarism and property relationships. Second, the so-called centrism with its obvious overproduction is not able to balance a society governed by extremely left forces for a long period of time. Only the predominance of conservative, national conservative forces will be able to achieve this balance. Third, social democratic, liberal and national conservative forces should start a mutually correcting dialogue in the framework of legal political structures. Fourth, only economic changes can guarantee the irreversibility of political changes, primarily by creating a big layer of private proprietors. However, the strongest foundation of the stability of economic changes can be created by changes which have to take place in the sphere of culture: restoration of the prestige of family and marriage, reformation of the educational system, and guarantee of the coexistence of different world outlooks.

Today people differ not so much in their acceptance or denial of an all-embracing crisis but in the strategy that they select to overcome this crisis. We don't have to choose between "fast" elections and "late" elections. We have to choose between elections that take place under the conditions of total occupation, colonization, and illegitimate privatization, and the elections of the provisional Ministry Cabinet, whose task will be to ensure more or less normal conditions for carrying out the parliamentary elections. Anybody who requires "fast" elections as a means for the restoration of the Latvian Republic has to understand that fast elections can be arranged today only by the Supreme Council. This means that they are ready to conduct elections as directed by the Supreme Council and to vote together with those who will be predetermined by the Supreme Council. In the opinion of the Latvian Committee, legitimate elections should be a logical component of the processes of deoccupation, decolonization, and debolshevization.

I would like to pose some questions to politicians who think that fast Saeima elections is the only real way to restore the Latvian Republic under present circumstances. I hope to hear answers to my questions during the session of this Congress.

1. What is the guarantee that the Supreme Council will expand the range of citizens and voters, when its leaders and majority are trying to do that all the time?
2. Will the examination of citizenship certificates take place before the "fast" elections when it's clear that those who will be elected won't be interested at all in examining the legitimacy of their election?
3. Will the Supreme Council really carry out debolshevization and will it not establish a high percentage barrier against new parties of the Latvian Republic?
4. Won't the leading economic structures support reform communist and neocolonial political forces?

Now on the second possibility of overcoming the political crisis - the provisional Ministry Cabinet. Public reaction to the appeal of the 9th session of the Citizen's Congress is reserved. But this fact does not confuse us. Not every idea can rapidly get the support of the majority of the public. As I was told by a left centrist politician: "It is correct, in principle, but it is too early". The lack of general positive reaction cannot prevent us from carrying out preparations. Even an action directed only at the development of the prerequisites for the provisional government is a factor that makes real, but not abstract, the idea of the provisional Ministry Cabinet. We are completely worthless politicians if we do not prepare in good time for the moment of power vacuum or the present power paralysis.

By no means, the idea and possible formation of the provisional Ministry Cabinet is private property of the Latvian Committee. It has to unite all non-Communist forces in Latvia, as well as those in exile. I think that the duplication of the Citizens Congress leaders and the provisional Ministry Cabinet members cannot be permitted. I myself do not see any obstacles for deputies who criticize the Supreme Council leaders and their decisions to get involved in active preparation of prerequisites for provisional government.

I don't want to agree with those who believe that the idea of the provisional government is too radical and that we have to seek a dialogue with those in power instead. I am not against dialogue. However, if we only send protests or recommendations to the Supreme Council or Ministry Council, there will be no dialogue. If we act, not paying attention to the laws and decisions of the Soviet power, but according to the Constitution and laws of the Latvian Republic, then dialogue will take place. If not more, then at least with the Soviet court and prosecution system. Besides, the Latvian Committee cannot ignore the public opinion. Very often the Committee is criticized for its indecision and too soft attitude towards the Soviet power. As a result of this criticism, our position on the issue of the resident registration, as a technical basis for the "zero" variant of gradual citizenship, became more determined. You will ask me, who these critics are and what positions they hold. They are ordinary people who don't hold any official positions and have never held them. These people are familiar with

occupation and the Bolshevik power not from textbooks: they felt it on their own skin: deportation, trails of the "forest brothers", Cheka, Gulag, psychiatric clinics, and confiscations. I can tell you frankly, that the duty of the Latvian Committee is to take into consideration the viewpoints of such people but not of those who have the power and say today. Those new politicians who came to power after May 4th and are capable of better understanding should be aware of the fact that under all circumstances and despite the disappointment of our adherents in parliamentary methods practiced by the Citizens Congress those social layers which are objectively interested in deoccupied, decolonized and debolshevized Latvia will never disappear. They only will look for less democratic methods for achieving their goals.

I cannot also agree with those who say that we somehow are preparing a new Georgia. The situation in Latvia is entirely different. We don't have our own Shevardnadze. One such person was killed in Moscow in August 1991. The second person is holding power at the Jekab Street. If these people are frightening the public on purpose then we can understand them or even excuse them if they are doing it unconsciously. But if they themselves believe in what they are saying, then I can only feel sorry for them.

And once more about the most important goals of the Latvian Committee, Citizens Congress, and all forces faithful to the November 18th Latvia:

1. To prepare prerequisites for the creation of the provisional government.
2. The legalization of Communists should not be permitted. None of the following can take place: citizenship granting before the Saime; increasing the number of voters; carrying out a referendum on these matters because it will be a referendum without choice; issuing statelessness certificates (because it will lead to citizenship granting); joint registration of colonists and citizens under the same administration (the number of citizens or voters can only be increased by means of this joint registration). At the same time, the introduction of separate registration should be encouraged: citizens will get citizenship certificates, but colonists will have to go to the Immigration department and eventually get Russian or other CIS country passports.
3. Not to permit to continue illegitimate privatization. The privatization will result in the development of even stronger bonds between USSR citizens and Latvia by means of plant shares, apartments, and summer houses. It is impossible to reach this third goal without the existence of the provisional Ministry Cabinet.

To rely upon elections organized by the Supreme Council is to rely upon the fact that the neocolonial system will tear itself apart. The idea of the national movement that the political system of the May 4th Republic is capable to become the November 18th Republic, is similar to the idea of participation in the Latvian SSR Supreme Soviet elections for the purpose of

restoring the Latvian Republic. This course two years ago and today's longing for fast elections are displays of the same psychology: passive participation in a process where decisions are made by others and unwillingness to take initiative or risk. The course of the Citizens' Congress elections two years ago and the today's preparation for the creation of the provisional Ministry Cabinet today mean that we have to rely upon ourselves. It is necessary to change the political language: we are neither requesting, nor protesting, but deciding and doing. If we act in a such manner, the Soviet power will have to respect us.

A few words regarding projects that we are considering today. The goals of national economy are not only economic goals. In the western European countries, there has not been, a process of economic reforms similar to that needed in Latvia today because there is no need for deoccupation and decolonization in these countries. The experience of postwar Europe with economic recovery cannot be repeated in today's Latvia. What does it mean to reform an economy on the basis of the existing industrial structure? It means retaining the existing structure of employment and therefore retaining the political dependence of Latvia. The restructuring of industry is a significant precondition for the decolonization of Latvia. The second important precondition for the restoration of the Latvian Republic is to end illegitimate privatization and to get rid of its consequences. It is not only a political or juridical process. It is also an intervention in the existing production, consumption and exchange processes. Therefore, we have to act prudently in order not to create problems, the solution of which will require significant expenditures. The formation of the provisional Ministry Cabinet is a precondition necessary for the further concretization of the immediate problems of economic recovery with respect to the sequence of its realization. The solution to this problem depends very much on the possibility of the formation or restoration of executive power institutions, taking into consideration material and human resources which are never unlimited.

I would like to say that debolshevization is a method for eliminating the power of the nomenklatura and colonists. The purification of the leading positions of commercial structures from former functionaries and Chekists is in a full agreement with the spirit of the Potsdam conference and Nuremberg trial.

Those who are unfriendly to us should realize that the time for us to go back is over. We have come down from our "Saratov". The number one goal is not to win back Latvian territory but to win back hearts and minds. I would not like to see the day when somebody asks me: "Why have you told us nothing before, why haven't you clarified things? We don't understand what's happening".

We should not confine ourselves to only protesting but try to deal with real things instead. However, we have to deal with real things based on our decisions, but not on decisions made by others.

And one more thing. You shouldn't think that the Latvian Committee will create a provisional government, the best government of all governments, just for one person. Only many people are able to accomplish such a serious task. One has to decide himself: to join those who are strong today or be together with those who can be strong tomorrow.

We have many shortages, including a shortage of will power. Let's first begin by putting an end to it in ourselves.

"You will be forgiven if you were not able to do something, but never if you didn't want to."

Democratic Center Party to be Formed

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in Russian 18 Aug 92 p 3

[Article by Vitaliy Portnikov: "The Latvian People Are in the Center: The New Party Promises to be Influential"]

[Text] A group of well-known Latvian politicians has announced its intention to organize a Democratic Center Party (PDTs). Its constituent congress will be held in October 1992, and among the party's organizers are already 15 deputies from the Latvian Supreme Council and among whom are the former chairman of the People's Front (NFL) and the First Deputy Chairman of the Parliament Dainis Ivans, as well as Janis Skapars and Vladlen Dozortsev who founded the NFL. The bylaws commission of the new party is headed by the former Vice Premier Ilmars Bishers. Support for the idea of a centrist party was also provided by the Minister of Foreign Affairs Janis Jurkans who is becoming more and more popular. Jurkans commented to the correspondent of NEZAVISIMAYA GAZETA that "the Latvian people are generally in the center."

The statement of the founders proclaimed the goal of the PDTs to be "the unifying of the democratic forces for establishing in Latvia an European democratic state under the law and to contribute to the progress and prosperity of all its inhabitants." "However, at present Latvia is living through a profound economic and political crisis," the founders of the PDTs feel. "Some see the source of all the evils in the non-Latvians and are demanding their deportation, while other propose the "historical" rights of Russia to the Baltic. Both sides are rushing to establish national parties and militarized organizations." The PDTs organizers have warned of the danger of dictatorship and creating an image of the enemy, as well as confrontation and dogmatism "which endanger the independence of Latvia." As their credo, the initiators of the founding of the PDTs have set "realism, the strengthening of economic and political stability, and the reconciling of interests." Although these declarative words do not appear to be an impressive program of action, the PDTs can achieve significant success precisely by its resistance to the growing confrontation in Latvian society over the nationality question. In the future Latvian Parliament, precisely this party may end up the defender of the interests of those who have

yet to receive their citizenship and who will be voting for the party if not at the coming then in the following parliamentary elections... In a word, one has only to recall the national composition of the population in present day Latvia to agree with the idea that centrism here in fact does have a serious political future; actually in all recent years Latvia has been governed by centrists and only the debates on the citizenship question and the ghost of the coming elections have helped to put the spotlight on the politicians who do not seek compromises.

At a press conference in Riga, one of the organizers of the new party, Janis Skapars, provided information on certain positions of the founders of the PDTs. On the question of citizenship, the party favors a 10-year residence requirement, loyalty and a knowledge of Latvian.

It is also essential to resolve the problem of the dependence of the Latvian economy upon the CIS: "The fact that we are 84 percent dependent upon our eastern neighbors is abnormal and actually subordinates our country to the processes occurring in the CIS." The party favors the centralization of power in the country, the encouraging of peasant farms and small and medium-sized enterprises. In their criticism of Parliament and the government, the centrists have been rather cautious: in recognizing the growing crisis in the government, they nevertheless are not demanding the stepping down of the Ivars Godmanis cabinet, and they call the situation in the Supreme Council a "repositioning of political forces." Incidentally, when the PDTs forms its own faction in Parliament, it will become the first party faction in the current Supreme Council.

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